

# CONSTRUCTION AGREEMENT

## PROJECT: Downtown Office Complex

**Project Number:** PRJ-2025-002

**Date:** January 15, 2025

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## PARTIES TO THE AGREEMENT

### OWNER:

Riverside Development Corporation  
456 Market Street, Suite 800  
San Francisco, CA 94105  
Tax ID: 94-1234567

### CONTRACTOR:

ABC Construction Company  
123 Construction Lane  
San Francisco, CA 94102  
License No: CA-1234567  
Tax ID: 94-7654321

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## ARTICLE 1: THE WORK

### 1.1 Scope of Work

The Contractor agrees to furnish all labor, materials, equipment, tools, and services necessary to construct a commercial office building ("the Project") in accordance with the Contract Documents, which include:

- This Construction Agreement
- General Conditions of the Contract for Construction (AIA Document A201-2017)
- Supplementary Conditions
- Architectural Drawings (Set dated December 1, 2024, 47 sheets)
- Specifications (Project Manual, 16 Divisions)
- Addenda Numbers 1, 2, and 3

## **1.2 Project Description**

The Project consists of:

- A six-story commercial office building
- Approximately 85,000 gross square feet
- Below-grade parking for 120 vehicles
- Ground floor retail spaces (8,500 SF)
- Landscaping and site improvements
- All associated MEP systems, life safety systems, and building systems

## **1.3 Project Location**

456 Market Street  
San Francisco, California 94105  
Assessor's Parcel Number: 3456-789-012

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# **ARTICLE 2: CONTRACT TIME**

## **2.1 Commencement Date**

Work shall commence within ten (10) calendar days of receipt of the Notice to Proceed, anticipated to be issued on or about February 1, 2025.

## **2.2 Substantial Completion**

The Contractor shall achieve Substantial Completion of the Work not later than **June 30, 2027** (approximately 880 calendar days from commencement).

## **2.3 Final Completion**

Final Completion shall be achieved within thirty (30) days of Substantial Completion.

## **2.4 Liquidated Damages**

If the Contractor fails to achieve Substantial Completion by the date specified, the Contractor shall pay to the Owner the sum of **Five Thousand Dollars (\$5,000.00)** for each calendar day beyond the Substantial Completion Date, as liquidated damages and not as a penalty.

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# **ARTICLE 3: CONTRACT SUM**

## **3.1 Total Contract Sum**

The Owner shall pay the Contractor for the performance of the Work, subject to additions and deductions as authorized by the Contract Documents, the sum of:

**SIXTY-EIGHT MILLION, FIVE HUNDRED THOUSAND DOLLARS (\$68,500,000.00)**

This amount includes the Base Bid and the following accepted Alternates:

- Alternate 1: Upgraded Lobby Finishes: \$450,000
- Alternate 3: Solar Panel Array: \$850,000

## **3.2 Basis of Payment**

Progress payments shall be made in accordance with Article 4 below.

## **3.3 Unit Prices**

The following unit prices shall apply for additions or deductions from the Contract Sum:

Item	Unit	Unit Price
Site Excavation (beyond plan quantity)	Cubic Yard	\$45.00
Concrete Placement (5,000 PSI)	Cubic Yard	\$285.00
Structural Steel	Ton	\$4,250.00
Additional Rebar	Ton	\$1,850.00

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# **ARTICLE 4: PAYMENT**

## **4.1 Schedule of Values**

Within fifteen (15) days of the Notice to Proceed, the Contractor shall submit a Schedule of Values allocating the Contract Sum among the various portions of the Work and establishing a basis for monthly progress payments.

## **4.2 Progress Payments**

The Contractor shall submit Applications for Payment on or before the 25th day of each month for Work completed through the end of that month.

Payment shall be made within thirty (30) days of approval by the Architect and Owner, less:

- Retainage of ten percent (10%) on labor
- Retainage of five percent (5%) on materials stored on-site

### **4.3 Retainage Reduction**

When the Work is fifty percent (50%) complete and progressing satisfactorily, retainage may be reduced to five percent (5%) on all Work, at the Owner's sole discretion.

### **4.4 Final Payment**

Final payment shall be made within thirty (30) days after Final Completion and acceptance of the Work, submission of all required closeout documents, and receipt of all required warranties and lien releases.

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## **ARTICLE 5: INSURANCE AND BONDS**

### **5.1 Contractor's Insurance**

The Contractor shall maintain the following insurance coverage throughout the duration of the Work:

#### **Commercial General Liability:**

- Each Occurrence: \$2,000,000
- General Aggregate: \$4,000,000
- Products/Completed Operations: \$2,000,000

#### **Workers' Compensation:**

- Statutory limits per California law
- Employer's Liability: \$1,000,000 each accident

#### **Commercial Auto Liability:**

- Combined Single Limit: \$2,000,000

#### **Builders Risk (All Risk):**

- Completed Value: \$70,000,000
- Deductible: \$25,000

#### **Excess/Umbrella Liability:**

- Each Occurrence: \$5,000,000
- Aggregate: \$5,000,000

### **5.2 Performance Bond**

The Contractor has furnished a Performance Bond in the amount of one hundred percent (100%) of the Contract Sum, issued by Continental Surety Company (A.M. Best Rating: A+ XV).

Bond Number: PB-2025-8847

Effective Date: January 15, 2025

### **5.3 Payment Bond**

The Contractor has furnished a Payment Bond in the amount of one hundred percent (100%) of the Contract Sum, issued by Continental Surety Company.

Bond Number: MB-2025-8848

Effective Date: January 15, 2025

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## **ARTICLE 6: GENERAL CONDITIONS**

### **6.1 Incorporated Documents**

The General Conditions of the Contract for Construction, AIA Document A201-2017, is incorporated herein by reference and made a part of this Agreement.

### **6.2 Order of Precedence**

In the event of conflicts or discrepancies among the Contract Documents, precedence shall be in the following order:

1. This Construction Agreement and any written modifications thereto
2. Addenda (in reverse chronological order)
3. Supplementary Conditions
4. General Conditions (AIA A201-2017)
5. Specifications
6. Architectural Drawings
7. Other documents referenced

## **6.3 Architect**

Design Partners LLC  
789 Design Boulevard, Suite 300  
San Francisco, CA 94104  
License: C-12345  
Contact: Sarah Chen, AIA, Principal

The Architect shall provide administration of the Contract as described in the General Conditions.

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# **ARTICLE 7: SPECIAL CONDITIONS**

## **7.1 Permits and Fees**

The Owner has obtained and paid for the Building Permit (Permit No. 2024-12-15789). The Contractor shall obtain and pay for all other permits, licenses, and fees required for the Work, including but not limited to:

- Encroachment permits
- Fire sprinkler permits
- Mechanical and plumbing permits
- Electrical permits
- Street closure permits

## **7.2 Site Access and Working Hours**

Normal working hours are 7:00 AM to 5:00 PM, Monday through Friday. Weekend work and work outside normal hours requires prior written approval from the Owner and compliance with local noise ordinances.

## **7.3 Project Labor Agreement**

This Project is subject to a Project Labor Agreement (PLA) with the San Francisco Building Trades Council. The Contractor agrees to comply with all terms and conditions of the PLA.

## **7.4 Prevailing Wage**

This Project is subject to California prevailing wage requirements. The Contractor shall comply with Labor Code Sections 1720 et seq. and pay all workers at the prevailing wage rates.

## **7.5 Local Hiring Requirements**

The Contractor shall make good faith efforts to meet the following local hiring goals:

- 25% of total worker hours by San Francisco residents
- 10% of total worker hours by economically disadvantaged individuals

## **7.6 Sustainability Requirements**

The Project shall achieve LEED Gold certification. The Contractor shall:

- Implement construction waste management plan with 75% diversion goal
- Submit all required LEED documentation
- Coordinate with LEED consultant (Green Building Solutions, Inc.)
- Use low-VOC materials as specified

## **7.7 Safety Requirements**

The Contractor shall:

- Maintain an OSHA recordable incident rate of 3.0 or below
- Conduct weekly toolbox safety meetings
- Submit monthly safety reports
- Implement a site-specific safety plan approved by Owner

## **7.8 Quality Control**

The Contractor shall maintain a three-phase quality control program:

- Preparatory inspections before work begins
- Initial inspections at the start of each activity
- Follow-up inspections during execution

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# **ARTICLE 8: CHANGES IN THE WORK**

## **8.1 Change Orders**

Changes in the Work may only be authorized by written Change Order signed by the Owner, Contractor, and Architect.

## **8.2 Markup on Changes**

The following markups shall apply to Change Orders:

- Contractor's overhead and profit: 15% on subcontracted work

- Contractor's overhead and profit: 20% on work performed with own forces
- No markup on markup (single-tier only)

### **8.3 Time Extensions**

Requests for time extensions must be submitted within seven (7) days of the event causing delay, with supporting documentation.

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## **ARTICLE 9: WARRANTY**

### **9.1 General Warranty**

The Contractor warrants that all materials and equipment furnished under the Contract will be new unless otherwise specified, and that all Work will be of good quality, free from faults and defects, and in conformance with the Contract Documents.

### **9.2 Warranty Period**

The warranty period shall be **two (2) years** from the date of Substantial Completion, except as otherwise specified in the Specifications or by manufacturers' warranties.

### **9.3 Extended Warranties**

The following systems carry extended warranty periods:

- Roofing system: 20 years (manufacturer's warranty)
  - Structural waterproofing: 10 years
  - HVAC equipment: 5 years (parts and labor)
  - Elevators: 3 years (full maintenance)
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## **ARTICLE 10: DISPUTE RESOLUTION**

### **10.1 Claims**

Claims shall be initiated in accordance with Article 15 of the General Conditions (AIA A201).

### **10.2 Mediation**

Any claim, dispute, or other matter arising out of or related to this Contract shall be subject to mediation as a condition precedent to binding dispute resolution.

### **10.3 Arbitration**

If mediation is unsuccessful, claims shall be resolved by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association.

### **10.4 Venue**

Any mediation or arbitration shall take place in San Francisco, California.

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## **ARTICLE 11: TERMINATION**

### **11.1 Termination for Cause**

The Owner may terminate the Contract if the Contractor:

- Persistently fails to supply skilled workers or proper materials
- Fails to make payments to Subcontractors or suppliers
- Disregards laws, ordinances, or instructions of the Architect
- Otherwise substantially breaches the Contract

### **11.2 Termination for Convenience**

The Owner may terminate the Contract for convenience upon seven (7) days' written notice. The Contractor shall be paid for Work executed and costs incurred, plus reasonable profit.

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## **ARTICLE 12: MISCELLANEOUS**

### **12.1 Assignment**

Neither party shall assign this Contract without written consent of the other party.

### **12.2 Governing Law**

This Contract shall be governed by the laws of the State of California.

### **12.3 Entire Agreement**

This Contract represents the entire agreement between the parties and supersedes all prior negotiations, representations, or agreements.

## **12.4 Notices**

All notices shall be in writing and delivered to:

**For Owner:**

Riverside Development Corporation  
Attn: James Martinez, VP of Development  
456 Market Street, Suite 800  
San Francisco, CA 94105  
Email: jmartinez@riversidedev.com

**For Contractor:**

ABC Construction Company  
Attn: Michael Chen, President  
123 Construction Lane  
San Francisco, CA 94102  
Email: mchen@abccconstruction.com

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## **SIGNATURES**

This Agreement executed as of the day and year first written above.

**OWNER:**

Riverside Development Corporation

By: \_\_\_\_\_

James Martinez, Vice President of Development

Date: January 15, 2025

**CONTRACTOR:**

ABC Construction Company

By: \_\_\_\_\_

Michael Chen, President

Date: January 15, 2025

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## **ARCHITECT'S ACKNOWLEDGMENT**

Design Partners LLC acknowledges this Contract and agrees to perform services as described in the General Conditions.

By: \_\_\_\_\_

Sarah Chen, AIA, Principal

Date: January 15, 2025

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**ATTACHMENTS:**

- Exhibit A: Site Plan and Legal Description
  - Exhibit B: Schedule of Values (to be submitted)
  - Exhibit C: Project Labor Agreement
  - Exhibit D: Performance Bond
  - Exhibit E: Payment Bond
  - Exhibit F: Certificate of Insurance
  - Exhibit G: List of Major Subcontractors
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*END OF CONTRACT DOCUMENT*

**Contract Document Number:** CD-2025-002

**Total Pages:** 8

**Revision:** Original