

**CONTRA COSTA CLEAN WATER PROGRAM
INSPECTION ACTIVITIES AGREEMENT
AMONG
CONTRA COSTA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT,
CENTRAL CONTRA COSTA SANITARY DISTRICT,
AND THE
CITY OF CLAYTON**

This Contra Costa Clean Water Program Inspection Activities Agreement ("Agreement"), is entered into as of July 1, 2026 ("Effective Date"), by and among the Contra Costa County Flood Control and Water Conservation District ("District"), the Central Contra Costa Sanitary District ("Inspection Agency"), and the City of Clayton ("City"). The District, the Inspection Agency, and the City are sometimes referred to herein together as the "Parties," and each individually as a "Party."

RECITALS

- A. The County of Contra Costa ("County"), the District, and the 19 incorporated cities and towns in the County have joined together to form the Contra Costa Clean Water Program (the "Program"), pursuant to the Contra Costa Clean Water Program Agreement, dated July 1, 2010, and as amended from time to time (the "Program Agreement"). The parties to the Program Agreement are the County, the District, and the cities of Antioch, Brentwood, Clayton, Concord, Danville, El Cerrito, Hercules, Lafayette, Martinez, Moraga, Oakley, Orinda, Pinole, Pittsburg, Pleasant Hill, Richmond, San Pablo, San Ramon and Walnut Creek (the "Program Members").
- B. Through the Program, the Program Members jointly implement some of their obligations under the Municipal Regional Stormwater NPDES Permit, NPDES Permit No. CAS612008, as may be amended or re-issued from time to time ("Municipal Regional Permit"). The San Francisco Regional Water Quality Control Board ("Regional Board") most recently re-issued the Municipal Regional Permit on May 11, 2022.
- C. District provides administrative support services to the Program, including collecting and distributing funds that pay for Program responsibilities under the Municipal Regional Permit.
- D. The Municipal Regional Permit requires Program Members, which operate municipal separate storm sewer systems (MS4s), to effectively prohibit the discharge of non-stormwater into storm drain systems and watercourses.
- E. Among other things, the Municipal Regional Permit requires the Program Members to conduct inspections of certain industrial and commercial businesses, as specified in Provision C.4 of the Municipal Regional Permit, and illicit discharge control activities, as specified in Provision C.5. of the Municipal Regional Permit, as those provisions may be amended from time to time in the Municipal Regional Permit (collectively, the "MS4 Inspections"). MS4 Inspections include, but are not limited, to inspection, investigation, reporting, and related obligations under the Municipal Regional Permit and as further directed by District.
- F. The Municipal Regional Permit directs Program Members to effectively prohibit all non-stormwater discharges (i.e., materials other than stormwater) into municipal storm drains and creeks; conduct inspections of industrial and commercial stormwater facilities; control illicit discharges by conducting field surveys of the storm drainage conveyance system and identifying and eliminating the sources of non-stormwater discharges; and prohibit illicit connections and discharges resulting from inappropriate or illegal processes, activities, or housekeeping practices. The MS4 Inspections, carried out by the Inspection Agency on behalf of the City, further the City's compliance with the Municipal Regional Permit.
- G. Independent of City's obligations under the Municipal Regional Permit, Inspection Agency also conducts inspections of certain industrial and commercial businesses as part of its wastewater regulatory obligations ("Wastewater Inspections"). District, Inspection Agency, and City believe that efficiencies can be achieved by having Inspection Agency conduct MS4 Inspections on behalf of City

concurrently with Inspection Agency's Wastewater Inspections, which benefit the Parties and regulated businesses. Inspection Agency desires to provide MS4 Inspections on behalf of the City under the terms set forth herein

- H. District, Inspection Agency, and City, as well as the other Program Members and sanitation districts previously entered into a prior inspection agreement dated October 26, 2009 ("2009 Agreement"). This Agreement supersedes and replaces the 2009 Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties to this Agreement agree as follows:

1. **Term.** The term of this Agreement begins on the Effective Date, and this Agreement shall remain in effect until it is terminated pursuant to Section 2 below. Commencing on the Effective Date, the 2009 Agreement is terminated and superseded by this Agreement and is no longer of any force or effect.

2. **Termination.**

A. **Inspection Agency Termination.** Inspection Agency, at its sole discretion, may terminate this Agreement by giving written notice to District and City at least 180 days prior to the effective date of the termination.

B. **District Termination.** District, at its sole discretion, may terminate this Agreement by giving written notice to Inspection Agency and City at least 180 days prior to the effective date of the termination. Notwithstanding the foregoing, District may terminate this Agreement by giving written notice to Inspection Agency and City at least 30 days prior to the effective date of the termination if City is in breach of the Stormwater Utility Area Agreement described in Section 3.

C. **City Termination.** City, at its sole discretion, may terminate this Agreement by giving written notice to Inspection Agency and District at least 90 days prior to the effective date of the termination. Alternatively, City may temporarily suspend receiving MS4 Inspections by Inspection Agency pursuant to this Agreement, at its sole discretion, upon giving the District and Inspection Agency at least 90 days written notice. In the event that City suspends receiving MS4 Inspections, such suspension shall not affect enforcement activities relating to any MS4 Inspection initiated prior to the suspension. Inspection Agency shall be compensated for such work.

D. **Mutual Termination.** This Agreement may be terminated by mutual written agreement of the District, Inspection Agency, and City.

E. **Effect of Termination.** Upon the effective date of any termination of this Agreement, Inspection Agency shall cease performing MS4 Inspections. District shall compensate Inspection Agency for all services performed prior to such effective date in accordance with Section 8. If the Inspection Agency is in default upon the effective date of any termination of this Agreement, then District shall compensate Inspection Agency for services not affected by the default. Inspection Agency and City shall meet and confer about responsibility for any previously initiated code enforcement actions or reports that are then in the process of being drafted. Inspection Agency shall continue to prosecute such actions and prepare such reports until City assumes responsibility. Inspection Agency shall be compensated for such work.

3. **Stormwater Utility Area Agreement.** City has executed a separate Stormwater Utility Area Agreement with the District that, among other things, provides for the invoicing from, and payment to, Inspection Agency for MS4 Inspection costs on behalf of City.

4. **Responsibilities of Inspection Agency.** On behalf of City, Inspection Agency will perform all the following services in accordance with the Municipal Regional Permit and applicable laws and regulations:

A. **Conduct MS4 Inspections,** including illicit discharge control inspection activities, of industrial and commercial facilities and the exterior of residential properties to determine the regulated facility's compliance with the Municipal Regional Permit and applicable law. MS4 Inspections may have an

educational component, as directed by District. The location and frequency (i.e., bi-annual, annual, semi-annual, etc.) of an inspection, investigation, or educational effort shall be at the direction of District, as approved by the City, and shall take place between 7:30 a.m. and 4:00 p.m. Pacific Standard Time, Monday through Friday, excluding holidays ("Normal Working Hours").

B. Perform MS4 Inspections outside of Normal Working Hours if mutually agreed to by District, City, and Inspection Agency or if directed by District due to an emergency. In the event of an emergency, Inspection Agency will be compensated for any applicable overtime pay actually incurred by Inspection Agency.

C. Prepare inspection and investigation reports for each MS4 Inspection.

D. Issue notices of violation, warning notices, and compliance orders (collectively, "Corrective Orders") to owners or operators of regulated facilities on behalf of City where Inspection Agency determines that violations or potential violations of the Municipal Regional Permit or applicable laws or regulations have occurred or may occur. City hereby delegates to Inspection Agency authority to issue Corrective Orders on its behalf in connection with MS4 Inspections. For the avoidance of doubt, City retains the authority to issue Corrective Orders, provided such Corrective Orders are not duplicative of Corrective Orders issued by Inspection Agency. Inspection Agency has developed, or shall develop, a standardized approach to recommending and documenting corrective actions taken by operators of regulated facilities in order to address a Corrective Order issued by Inspection Agency. Inspection Agency shall promptly notify City and District's representatives identified in Section 7 of any Corrective Order issued by Inspection Agency, by email at the address below, by the close of the business day following the date of issuance.

E. Inspection Agency will cooperate with City if City elects to utilize its civil or criminal code enforcement authority to address a Corrective Order directly with the owner or operator of a regulated facility. Such cooperation includes documentation of violations, preparation of documents for use in complaints and at hearings, and assistance in hearing preparation (i.e., preparing declarations, interviews with legal counsel, etc.) and presentation (i.e., provision of witness testimony as requested). If Inspection Agency's performance of such enforcement services would result in an unreasonable expenditure of resources, then Inspection Agency will notify City and District, and Inspection Agency's further involvement in such enforcement services shall be agreed upon by the Parties.

F. At the Direction of City, Inspection Agency will also refer Corrective Orders and related investigations and reports to appropriate enforcing entities, such as the District Attorney.

G. Retain all records relating to inspection activities and completed investigations through the latest of: the term of this Agreement, three years in accordance with City's retention schedule, or the retention period set forth in the Municipal Regional Permit, whichever is longer, as evidence of City's compliance with the Municipal Regional Permit. These records shall become property of City upon termination of this Agreement, at which time Inspection Agency shall promptly deliver them to City. These records shall be made available for inspection by City or District during normal business hours.

H. Train, supervise and manage its staff and contractors necessary to conduct MS4 Inspections in a consistent and lawful manner.

I. Provide advice and comments to District regarding District's preparation of educational materials for distribution to owners and operators of regulated facilities and the public. Inspection Agency shall also provide advice and comments to District regarding the Contra Costa County Green Business Program, as requested by District.

J. Provide comments to City and District regarding ordinances and policies necessary to conduct MS4 Inspections and carry out enforcement activities.

K. Purchase, operate, and maintain, at Inspection Agency's own cost, all equipment necessary to conduct MS4 Inspections. Such capital and maintenance costs may be invoiced to District pursuant to Section 8 of this Agreement if the equipment is solely intended for MS4 Inspections and not Wastewater Inspections.

L. Provide quarterly reports to District, which describe all MS4 Inspections and Corrective Orders during the prior quarter, concurrently with the quarterly invoices specified in Section 8.C below. The final report of the fiscal year (fourth quarter) will include a status report to City of Corrective Orders initiated by Inspection Agency by owner or operator name. The final report will also include a hard or electronic copy of the Inspection Agency's databases of regulated facilities.

M. Utilize reasonable efforts to conduct MS4 Inspections fairly and in a uniform manner.

N. In accordance with Section 8.D below, provide an annual fiscal year budget to District that estimates the cost of performing the MS4 Inspections and other requirements of this Section 4 ("Annual Budget").

5. Responsibilities of District. District will perform the following services in accordance with the Municipal Regional Permit and applicable laws and regulations:

A. Recommend revisions to City's ordinances and regulations, as may be necessary, to allow Inspection Agency to lawfully perform MS4 Inspections and issue Corrective Orders.

B. Authorize and prioritize inspections and investigations, with direction from City and Inspection Agency.

C. Provide timely input on the scope of the next fiscal year's MS4 Inspections during Inspection Agency's budget process and approve Inspection Agency's Annual Budget in accordance with Section 8.D.

D. Reimburse Inspection Agency for authorized costs in accordance with Section 8.

E. Recommend remedial actions to City and Inspection Agency in order to correct an owner or operator's violation of the Municipal Regional Permit or other applicable laws.

F. Provide educational materials for distribution to owners and operators of regulated facilities and the public.

G. Provide comments to Inspection Agency regarding the format of MS4 Inspections, Corrective Orders, and reports.

H. Perform other responsibilities as agreed to in writing between the District, Inspection Agency, and City.

I. Notify City of issues affecting its compliance with the Municipal Regional Permit in a timely manner.

J. Provide City with quarterly reports regarding MS4 Inspections and budget summaries.

6. Responsibilities of City. City will perform the following obligations in accordance with the Municipal Regional Permit and applicable laws and regulations:

A. Provide Inspection Agency with a current roster, and future updates to that roster, of employees responsible for carrying out the stormwater program and related enforcement activities, including phone numbers and email addresses.

B. In accordance with Section 4.E., provide direction to Inspection Agency regarding enforcement actions.

C. Cooperate with City and District to carry out their respective obligations under this Agreement.

7. Agency Representative. Each Party shall designate in writing to each other an MS4 Inspections program coordinator and an alternate coordinator. The purpose of designating an MS4 Inspections program coordinator is to facilitate communication between the Parties. Each Party shall direct

matters such as complaints, claims, legal challenges, and other disputes regarding the MS4 Inspections to its MS4 Inspections program coordinator who will transmit the matter to the District for resolution.

8. Financial.

A. District shall reimburse Inspection Agency for all authorized expenditures in furtherance of its obligations under Section 4 above, including the Inspection Agency's actual costs for performing inspections and related administrative activities. The costs eligible for reimbursement include, but are not necessarily limited to, labor, benefits, overhead, supplies, equipment, vehicle, laboratory, consultant, and legal fees and costs. However, Inspection Agency, as practicable, shall promptly notify the District if it believes that legal costs will be incurred in connection with the MS4 Inspections or Corrective Orders so that the Parties may reach an agreement regarding the cost of legal services, if desired. Inspection Agency shall not mark up any costs it incurs in providing any of the required services in the invoice.

B. Inspection Agency's labor costs shall be itemized at base cost per individual for time spent plus an overhead multiplier for benefits, administrative overhead, supplies, equipment and insurance. Inspection Agency's overhead multiplier for the following fiscal year shall be submitted to the District as part of Inspection Agency's Annual Budget and approved by District annually.

C. Inspection Agency shall submit quarterly invoices to the District for services performed under Section 4 of this Agreement. Each invoice shall include an itemized accounting of the total cost of all services performed under Section 4. Inspection Agency shall submit each quarterly invoice according to the following schedule for each fiscal year (each July 1-June 30): (i) First Quarter (July 1-Sept. 30) – by October 31; (ii) Second Quarter (Oct. 1-Dec. 31) – by January 31; (iii) Third Quarter (Jan. 1-Mar. 31) – by April 30; and (iv) Fourth Quarter (Apr. 1-June 30) – by July 31. District will pay each undisputed invoice within 45 days of receipt. In the event that District disputes the amounts stated on any invoice, within 30 days District shall submit to Inspection Agency a written notice of dispute and the basis for the dispute. The Parties shall endeavor to resolve any such disputes within a reasonable time after District's receipt of a notice of dispute. Any dispute that is not resolved within five (5) business days shall be referred to the Parties' respective managers for resolution.

D. Prior to the beginning of each fiscal year, District shall approve Inspection Agency's Annual Budget. City shall also review and approve the Annual Budget prior to District's final approval. Discussions for the annual budget shall begin in January prior to the upcoming fiscal year. Inspection Agency shall submit its Annual Budget by March 31st of each year and District shall act on such Annual Budget by April 30th of each year. If District does not approve the Inspection Agency's budget by April 30th, then Inspection Agency may terminate this Agreement in accordance with Section 2.B., except that such termination shall take effect as of July 1st of such year. Inspection Agency shall not exceed its City and District-approved written Annual Budget without first obtaining advance written approval of City and District.

9. **Insurance.** During the term of this Agreement, Inspection Agency shall carry insurance in the amounts, and in accordance with the provisions, set forth in Exhibit A.

10. Indemnification.

A. District Indemnity. District shall indemnify, defend and hold harmless Inspection Agency and City and each of them and their elected officials, officers, directors, agents, and employees from and against all suits, actions, legal or administrative proceedings, claims, demands, damages, consequential damages, liabilities, and expenses (collectively "Claims") that arise out of or relate to the District's willful misconduct or the negligent acts, errors or omissions of the District in the performance of this Agreement, except that City shall be solely liable for any fines resulting from its sole violations of the Municipal Regional Permit.

B. Inspection Agency Indemnity. Inspection Agency shall indemnify, defend and hold harmless District and City, and their respective elected officials, officers, directors, agents and employees from and against all Claims that arise out of or relate to Inspection Agency's willful misconduct or the negligent acts or errors or omissions in the performance of its obligations under this Agreement, inclusive of Claims involving search and seizure without required warrants (except in those situations where Inspection Agency has reasonably relied on City's determination or representation as to whether a warrant is required), and trespassing (except in those situations where Inspection Agency has reasonably relied on City's

representation as to whether consent has been obtained), except that City shall be solely liable for any fines resulting from its violations of the Municipal Regional Permit.

C. **City Indemnity.** City shall indemnify, defend and hold harmless the Inspection Agency and District and each of them and their officers, directors, agents, and employees from and against all Claims that arise out of or relate to the City's willful misconduct or the negligent acts, errors or omissions of the City in the performance of this Agreement. City shall also indemnify, defend and hold harmless Inspection Agency, and their respective officers, directors, agents, and employees from and against all Claims which are not covered by Section 10.B, inclusive of those that are based on the constitutionality or legality of the MS4 Inspection program and the rules and regulations it is intended to enforce, inverse condemnation claims and petitions for writ of mandate.

D. **Survival.** The obligations in this Section 10 shall survive the termination or expiration of this Agreement.

11. Notices. Notices required or permitted under this Agreement shall be in writing and personally delivered, sent by overnight carrier with delivery charges prepaid for next day delivery, or sent by First Class U.S. Mail with postage prepaid, and addressed as follows:

If to District, to: Joe Smithonic
Senior Civil Engineer
Contra Costa County Flood Control & Water Conservation District
255 Glacier Drive, Martinez, CA 94553

If to Inspection Agency, to: Colleen Henry
Environmental Compliance Program Administrator
CCCSD Environmental & Regulatory Compliance
5019 Imhoff Place, Martinez, CA 94553

If to City, to: [REDACTED] Public Works Director
City of Clayton

A notice shall be deemed given on the same day it is personally delivered, on the business day following the date it is deposited with an overnight carrier for next day delivery, and on the third day after the postmark date if it is sent by First Class U.S. Mail. A courtesy copy of any notice may be sent concurrently by email, but emailing a courtesy copy of any notice does not substitute for providing notice in accordance with this section. A Party may change its address for notices by providing written notice to the other Parties in accordance with this section at least five days before the new address becomes effective.

12. Dispute Resolution. In the event of a dispute arising under this Agreement, the Parties may jointly agree to submit the dispute to mediation before an agreed-upon mediator. If the Parties cannot agree to a mediator within 30 days after a Party makes a written request for mediation to the other Parties, a mediator may be selected by petition of any Party to the Superior Court of the County of Contra Costa. Each Party shall be responsible for paying a proportional share of the fees and expenses incurred in connection with any mediation. Each Party shall pay its own costs, expenses, and attorney's fees incurred in connection with any mediation under this section.

13. Audits. During the term of this Agreement, and for three years following its expiration or termination, in order to make audits each Party shall have the right to access any other Party's books, documents, papers, and other records related to the performance of this Agreement. If any Party requests copies of another Party's records pertinent to the performance of this Agreement, copies of those records shall be delivered to the requesting Party within 30 days following a request for such records. The requirements of this Section shall survive for three years following the expiration or termination of this Agreement.

14. Amendments. This Agreement may only be amended by written mutual agreement of all Parties hereto.

15. **Governing Law.** This Agreement is made and will be performed in the State of California, County of Contra Costa, and is governed by California law.

16. **Severability.** If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement are, to any extent, adjudged invalid, unenforceable, void, or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, priorities, covenants, and conditions of this Agreement shall not be affected and shall be valid and enforceable to the fullest extent permitted by law.

17. **Assignment.** No Party may assign any of its right, title, or interest under this Agreement without the prior written consent of the other Parties hereto. Any purported assignment of any Party's rights under this Agreement without the prior written consent of the other Parties shall be deemed void and without effect.

18. **Entire Agreement; Construction.** This Agreement contains the entire agreement among the Parties and all prior understandings or agreements, oral or written, regarding this matter are superseded. The section headings and captions of this Agreement are, and the arrangement of this Agreement is, for the sole convenience of the Parties to this Agreement. The section headings, captions, and arrangement of this Agreement do not in any way affect, limit, amplify, or modify the terms and provisions of this Agreement. This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if all Parties have prepared it. The Parties to this Agreement and their attorneys have read and reviewed this Agreement and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the interpretation of this Agreement. The recitals of this Agreement are, and shall be enforceable as, a part of this Agreement.

19. **No Third-Party Beneficiaries.** Nothing in this Agreement, express or implied, is intended to confer on any person, other than the Parties and their successors and assigns, any rights or remedies by reason of this Agreement.

20. **Waiver.** A waiver of breach of any covenant or provision in this Agreement shall not be deemed a waiver of breach of any other covenant or provision in this Agreement, and no waiver shall be valid unless in writing and executed by the waiving Party.

21. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date first written above.

Dated: _____

**CONTRA COSTA COUNTY FLOOD
CONTROL AND WATER
CONSERVATION DISTRICT**

By: _____

It's: _____

APPROVED AS TO FORM

Dated: _____

By: _____

Attorney

Dated: _____

**CENTRA CONTRA COSTA SANITARY
DISTRICT**

By: _____

It's: _____

APPROVED AS TO FORM

Dated: _____

By: _____

Attorney

Dated: _____

CITY OF CLAYTON

By: _____

It's: _____

APPROVED AS TO FORM

Dated: _____

By: _____

Attorney

Dated: _____

CITY OF CONCORD

By: _____

It's: _____

APPROVED AS TO FORM

Dated: _____

By: _____

Attorney

Dated: _____

TOWN OF DANVILLE

By: _____

It's: _____

APPROVED AS TO FORM

Dated: _____

By: _____

Attorney

Dated: _____

CITY OF LAFAYETTE

By: _____

It's: _____

APPROVED AS TO FORM

Dated: _____

By: _____

Attorney

Dated: _____

CITY OF MARTINEZ

By: _____

It's: _____

APPROVED AS TO FORM

Dated: _____

By: _____

Attorney

Dated: _____

CITY OF MORAGA

By: _____

It's: _____

APPROVED AS TO FORM

Dated: _____

By: _____

Attorney

Dated: _____

CITY OF ORINDA

By: _____

It's: _____

APPROVED AS TO FORM

Dated: _____

By: _____

Attorney

Dated: _____

CITY OF PINOLE

By: _____

It's: _____

APPROVED AS TO FORM

Dated: _____

By: _____

Attorney

Dated: _____

CITY OF PLEASANT HILL

By: _____

It's: _____

APPROVED AS TO FORM

Dated: _____

By: _____

Attorney

Dated: _____

CITY OF SAN RAMON

By: _____

It's: _____

APPROVED AS TO FORM

Dated: _____

By: _____

Attorney

Dated: _____

CITY OF WALNUT CREEK

By: _____

It's: _____

APPROVED AS TO FORM

Dated: _____

By: _____

Attorney

EXHIBIT A
INSURANCE REQUIREMENTS

Inspection Agency shall procure and maintain at its sole cost for the duration of this Agreement the following insurance:

a. Minimum Scope of Insurance. Coverage shall be at least as broad as:

- (1) Insurance Services Office Commercial General Liability coverage ("occurrence" form CG 0001).
- (2) Insurance Services Office form number CA 0001 covering Automobile Liability, code 1 (any auto).
- (3) Workers' Compensation insurance as required by the Labor Code of the State of California and Employers Liability insurance.
- (4) Errors and omissions/Professional liability insurance for all design professionals such as architects, landscape architects or engineers.

b. Minimum Limits of Insurance. Inspection Agency shall maintain policy limits of no less than:

- (1) General Liability: \$2,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, the general aggregate limit shall be double the combined single limit, with completed operations coverage.
- (2) Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.
- (3) Worker's Compensation and Employers Liability: Worker's Compensation limits as required by the Labor Code and Employers Liability limits of \$1,000,000 per accident.
- (4) Errors and Omissions/Professional Liability: \$1,000,000 per claim and annual aggregate. If Inspection Agency maintains higher limits than the minimum required by this Agreement, the City requires and shall be entitled to coverage for the higher limits maintained by the Inspection Agency.

c. Deductibles and Self-Insured Retention. Any deductibles or self-insured retention must be declared to and approved by the City. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the City, its officers, officials, employees and volunteers; or Inspection Agency shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

d. Other Insurance Provisions. The policies shall contain, or be endorsed to contain, the following provisions:

(1) General Liability and Automobile Liability Coverage.

(a) The City, its officers, officials, employees, agents and volunteers are to be covered as additional insured as respects: liability arising out of activities performed by or on behalf of Inspection Agency; products and completed operations of Inspection Agency; premises owned, occupied or used by Inspection Agency; or automobiles owned, leased or borrowed by Inspection Agency. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees, agents or volunteers.

(b) Inspection Agency's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, agents or volunteers shall be excess of Inspection Agency's insurance and shall not contribute with it.

(c) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its officers, officials, employees, agents or volunteers.

(d) Inspection Agency's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(2) Worker's Compensation and Employers Liability Coverage. The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, employees and volunteers for losses arising from work performed by Inspection Agency for the City.

(3) Errors and Omissions/Professional Liability Coverage. Inspection Agency's insurance shall include minimum Extended Reporting Period Coverage of three years.

e. Acceptability of Insurers. Insurance is to be placed with insurers with a Best's rating of no less than A: VII.

f. Verification of Coverage. Inspection Agency shall furnish the City with certificates of insurance and with original endorsements effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the City before work commences. The City reserves the right to require complete certified copies of all required insurance policies, at any time.