RESOLUTION NO. 6041

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AUTHORIZING THE CITY TO ACCEPT LAND AND WATER CONSERVATION FUND GRANT FUNDS IN AN AMOUNT NOT TO EXCEED $750,000 FOR PIMA PARK PLAYGROUND IMPROVEMENTS; AND AUTHORIZING THE CITY TO EXECUTE THE AGREEMENT AND TAKE ACTION NECESSARY OR APPROPRIATE TO IMPLEMENT THE GRANT.

WHEREAS, the City of Chandler (the "City") received a Notice of Award for Seven Hundred Fifty Thousand Dollars ($750,000) in federal Land and Water Conservation Fund ("LWCF") grant funding for the Pima Park Playground Improvements project (the “Project”); and

WHEREAS, the LWCF grant requires an equal non-federal match for a total budget of One Million Five Hundred Thousand Dollars ($1,500,000); and

WHEREAS, the Project budget consists of One Million Three Hundred Seventy-Five Thousand Dollars ($1,375,000) for construction and One Hundred Twenty-Five Thousand Dollars ($125,000) for other allowable costs; and

WHEREAS, the period of performance is approximately October 1, 2026, through September 30, 2028; and

WHEREAS, the Project scope includes removing the existing playground at Pima Park, replacing it with an adaptive play space, and installing new play surfacing.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chandler, Arizona, as follows:

Section 1. Authorizes the City to accept LWCF grant funds in an amount not to exceed $750,000 for the Pima Park Playground Improvements project, in a form agreement substantially as attached hereto as Exhibit "A."

Section 2. Acknowledges and authorizes the required non-federal matching share in the amount of $750,000 and the total Project budget of $1,500,000.

Section 3. Authorizes the Mayor of the City of Chandler, or designee, to execute the grant agreement and any other necessary documents, expend the funds, and take all actions necessary or appropriate to carry out the purposes of this Resolution.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this ____ day of _____ 2026.

ATTEST:

_____ _____

CITY CLERK MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 6041 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on the __ day of _____ 2026, and that a quorum was present thereat.

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY
DMG

EXHIBIT “A”

This Agreement is entered into by and between the Arizona State Parks Board (PRIME RECIPIENT) and The City of Chandler (PROJECT SPONSOR/SUBGRANTEE/SUBRECIPIENT) which becomes effective on the date of signature by the authorized representative of Arizona State Parks and Trails. Federal Notice of Award numbered below is attached and made part of this Project Sponsor Agreement. Subgrantee is required to comply with all applicable federal and state laws, regulations, guidelines, and manuals.

PROJECT TITLE: Pima Park Playground Improvements					**PROJECT NUMBER:** ASP # 04-00817 FAIN # P26AP01648 CFDA #: 15.916
THIRD PARTY PARTICIPANT'S NAME:					**FY OF REVENUE:** 2027
PROJECT PERIOD: 10/01/2026 - 09/30/2028					
GRANT PROGRAM: Land and Water Conservation Fund	**GRANT AMOUNT:** $750,000.00	% 50%	**PARTICIPANT MATCH:** $750,000.00	% 50%	**TOTAL PROJECT COST:** $1,500,000.00
APPROVED SCOPE OF WORK AND SPECIAL CONDITIONS: **Attachment A and NPS Notice of Award**					
AUTHORITIES TO ENTER INTO THIS Agreement: (statute, resolution, minutes, etc.) **STATUTE:** A.R.S. §41- 518.01; A.R.S. §§ 41-511.04(6), (14), (18); A.R.S. § 41-511.05(2). **RESOLUTION:** Need Signed Board/Council Resolution					
AWARDING OFFICIAL ON BEHALF OF THE ARIZONA STATE PARKS BOARD: _____ Signature Kevin Brock Assistant Director			_____ Date		
ACCEPTANCE OF ALL TERMS OF THIS Agreement AND ITS ATTACHMENTS IS ACKNOWLEDGED BY THE PROJECT SPONSOR'S SIGNATURE BELOW.			**PARTICIPANT ATTORNEY APPROVAL AS TO FORM AND AS BEING WITHIN THE AUTHORITY OF THE PROJECT SPONSOR (optional)**		
Signatory Name/Title			City Attorney DMG		
Date			Date		

The most recent version of the General Provisions based on the Project Sponsor and project type are attached and incorporated into this Agreement

Signatory 3/Title	
Date	

Arizona State Parks and Trails
PROJECT SPONSOR Agreement

Attachment A - Special Conditions

The BOARD is a primary recipient of Land and Water Conservation Fund (LWCF) grant funds provided by the Department of Interior, National Park Service to ensure a sufficient quality and/or quantity of outdoor recreation resources are available to serve the present and future outdoor needs of the public. This Agreement is a sub-award of those federal, LWCF grant funds authorized under A.R.S. § 41-518.01.

SPECIAL CONDITIONS:

If any archeological remains are encountered during project related ground disturbance, work will cease in the area of the discovery and the participant will inform the Director of the Arizona State Museum pursuant to A.R.S. 41-844. The participant will then inform the Chief of Grant and Trails of the discovery to determine any further action that may be necessary.

The area acquired and/or developed with LWCF grant assistance **shall be available to the general public for outdoor recreation use in perpetuity**. Approved project work shall start no later than the specified project startup date. Development activities must begin within 6 months of the fully executed participant Agreement.

The subrecipient shall provide a boundary map prior to final reimbursement. The subrecipient will provide NPS with information on the water tank / treatment enclosure to determine if a conversion incurred and resolved to NPS's satisfaction, including its service area, when it was first constructed, and if there are any related easements or rights-of-way that would impact outdoor recreation at the park.

The administration of this grant Agreement is additionally subject to the contents of the Administrative Guidelines found at:
https://www.azparkgrants.com/fileDownload.do?filename=1763406284454_ASPT_GrantsManual_2025+finalized+11.4.2025.pdf

SUBRECIPIENT MONITORING:
Risk Assessment Score: Low

In accordance with state and federal regulations, ASPT is required to monitor subrecipients of grant funds to ensure project success and compliance. This begins with a formal risk assessment which will be administered through Webgrants at the time of application. The risk assessment will indicate a risk level (low, medium, high) which will inform subrecipient monitoring processes.

Activity	Low Risk	Medium Risk	High Risk
Desk Review	Annually	Semi-annually	Quarterly
Claim Review	High level categories	Spot Audit on 30-50% of claim documentation	100% Review of all claim documentation
Status Reports	Quarterly	Bi-monthly	Monthly
Site Visits	None	Once per grant cycle	Annually
Single Audit Review	Review at application	Review + Follow up on Action Plan items	Review + Technical Assistance on Findings

Regardless of risk designation, all subrecipients are required to submit full supporting documentation (receipts, timesheets, proof of payment) with every reimbursement request. Incomplete packages will be returned to the subrecipient for correction. This ensures that documentation is present should any issues be identified in a high-level review even for low risk subrecipients.

Detailed Status Reports are required quarterly.

A minimum 50% in matching funds is required for reimbursement.

Recipients must comply with the requirements of the National Environmental Policy Act of 1969, Pub. L. No. 91-190 (1970) (codified as amended at 42 U.S.C. § 4321 et seq.) (NEPA), Executive Order 14154 Unleashing American Energy (Jan. 20, 2025), Presidential Memorandum Ending Illegal Discrimination and Restoring Merit-Based Opportunity (Jan. 21, 2025), the DOI's NEPA-implementing regulations (43 CFR Part 46), DOI policy and procedures for implementing NEPA (Part 516 of the Departmental Manual), and NPS LWCF Program-specific policies and procedures with includes the Council of Environmental Quality's rescinded regulations implementing NEPA, previously found at 40 C.F.R. Parts 1500-1508, as guidance to the extent appropriate and consistent with the requirements of NEPA and Executive Order 14154.

OTHER CONDITIONS

Project costs **above 10%** of any line item must be approved by park staff prior to submitting that reimbursement. Failure to request this change prior to submission will not be reimbursed.

Pre-Award Costs:
The Recipient is not authorized to incur pre-award costs.

All other terms and conditions remain unchanged.
Allocated project funds can only be expended on the designated scope items.

A. ADMINISTRATION

1. Conditions - This Agreement is subject to the availability of grant funds and appropriate approvals, and is subject to the Constitution of the State of Arizona, the Arizona Revised Statutes, the Arizona Administrative Code, other acts of the Arizona Legislature, executive orders of the Governor, and the decisions and policies of the BOARD.
2. Incorporation of Application, Grant Manual, and Administrative Guidelines - The following documents are incorporated by reference into this Agreement, which Agreement includes Attachments A and B: The PROJECT SPONSOR'S grant application packet; the applicable grant manual; and the most recent revision of the Administrative Guidelines for Awarded Grants. In the event of a conflict or ambiguity, the terms of this Agreement and Attachments A and B to this Agreement must take precedence.
3. Use of Grant Funds - Awarded grant funds must be used solely for eligible purposes of the funding program, as defined by statute and as approved by the BOARD.
4. Transfer of Grant Funds - Awarded grant funds will be transferred to the PROJECT SPONSOR according to the terms of this Agreement.
5. Grant Retention – Final reimbursement of the grant amount will be withheld from payment until PROJECT SPONSOR has submitted their final status report and completion letter.
6. Grant Accountability - Grant funds must be managed separately within the PROJECT SPONSOR'S accounting system that identifies the name and number of this project. The funds must only be expended as authorized under the terms of this Agreement.

7. Accomplishment of Project - The project must be accomplished according to the terms of this Agreement and applicable State laws.
8. Amendments - This Agreement may be amended in writing by the Parties of the Agreement upon written request of the PROJECT SPONSOR, good cause shown, and approval by the BOARD. Eligible amendments include adjustments to the project period, funding amount, or minor changes to the scope items.
9. Use of Project - Project accomplishments must be open or available to the public in perpetuity. If the grant funded capital improvements are not maintained and kept open for public use Arizona State Parks may determine that a conversion is appropriate.
10. Special Conditions - Special conditions to this Agreement are binding upon and inure to the benefit of the successors and assigns of each of the Parties to this Agreement. Breach of any condition will be enforceable by any remedies available under applicable Federal or State law.
11. Conversion - No land or facilities acquired or developed with State assistance will, without the approval of the BOARD, be converted to other than public use during the Term of Public Use. The National Park Service and the BOARD will approve such conversion only if it finds the replacement property to be in accord with the current grant statute. Conversions will require the substitution of other properties of at least equal fair market value and of reasonably equivalent usefulness and location, and concurrence of the landowner. The replacement property will then become subject to this Agreement. In lieu of conversion, the PROJECT SPONSOR may apply for a declaration of obsolescence. In the event the BOARD provides grant assistance for the acquisition and/or development of real property subject to reversionary interests, with full knowledge of those reversionary interests and with written notice of those reversionary interests, conversion of said property to other than public uses as a result of such reversionary uses being exercised may be approved. The PROJECT SPONSOR must notify the BOARD of the conversion as soon as possible and seek approval of replacement property in accord with the conditions set forth in this Agreement. The PROJECT SPONSOR must accomplish such replacement within a reasonable time, acceptable to the BOARD, after the conversion of the property occurs. This paragraph also applies to (1) leased properties acquired and/or developed with Fund assistance, where such lease is terminated prior to its full term pursuant to lease provisions known and agreed to by the BOARD; and (2) properties subject to other outstanding rights and interests known to and agreed to by the BOARD.

B. RELATIONSHIP OF PROJECT COSTS TO THE PROJECT PERIOD

Except for pre-Agreement costs approved by the BOARD, only those costs associated with approved project work incurred during the project period will be eligible for reimbursement according to the terms of this Agreement.

C. ACQUISITION

Values of property purchased with grant assistance must be appraised by an appraiser with active State certifications according to the Uniform Standards of Professional Appraisal Practice. This appraisal must be prepared within one year prior to the acquisition. Grant participation must be according to the grant award amount, the approved market value, or the purchase price, whichever is less.

D. CARE AND DISPOSITION OF EQUIPMENT

Equipment purchased with grant funds to develop a project may remain in the possession of the PROJECT SPONSOR for as long as the equipment is being used for eligible project work, at the sole discretion of State Parks. State Parks reserves the right to claim equipment purchased under this Agreement when it is no longer being used for the purpose for which it was purchased.

E. SUB-CONTRACTS

1. Sub-contracts awarded to accomplish the project must incorporate by reference, in each sub-

contract, the provisions of this Agreement. The PROJECT SPONSOR bears full responsibility for acceptable performance under each sub-contract.

2. The PROJECT SPONSOR must pay when due any claim of a sub-contractor, employee, independent contractor, or any other employed individual performing the approved work for services pursuant to this Agreement.

3. Any sub-contract for employment by the PROJECT SPONSOR must be in writing and contain a provision whereby a person so employed or with whom a sub-contract has been entered acknowledges that the State of Arizona and the BOARD are not be liable for any costs, claims, damages, reimbursement, or payment of any kind relating to such sub-contract.

F. PROJECT REPORTING, REVIEWS, AND ON-SITE INSPECTIONS

1. The PROJECT SPONSOR must submit a project status report not less than quarterly. The status report will include, at a minimum, the following: (a) progress toward completing the approved scope of work; and
(b) any problems encountered and solutions to problems regarding completion of the project. Failure to submit the reports will result in delays in grant reimbursement or advance processing. The PROJECT SPONSOR must consult with the BOARD, as needed, to review progress. The BOARD reserves the right to review the progress of the project and to conduct on-site inspections, as applicable and as needed, at any reasonable time during the project period or required Term of Public Use in order to assure compliance with the terms of this Agreement.

2. The PROJECT SPONSOR must certify compliance with the Project Agreement every five years, until the end of the Term of Public Use, on a form to be provided by the BOARD. In addition, on-site inspections will be conducted periodically at the discretion of the BOARD. The following will be taken into consideration during the inspection of properties that have been acquired or developed with grant assistance: retention and use; appearance, and maintenance.

3. The PROJECT SPONSOR must provide the Board with written consent of the landowner to conduct on- site inspections; failure to do so is a failure to keep or maintain the property for public use.

G. EARNED INTEREST ON ADVANCED FUNDS

Interest generated from funds advanced to the PROJECT SPONSOR during the project period must be used to further the purposes of the specified project. Funds advanced, but not spent to complete the project, must be returned to the BOARD at the completion of the project.

H. PRODUCT OR PUBLISHABLE MATTER OWNERSHIP

With written permission from the BOARD or Arizona State Parks, the PROJECT SPONSOR may use products or publishable matter produced with grant assistance the BOARD will have nonexclusive license to use and reproduce, without payment, such materials. The PROJECT SPONSOR must receive written permission from State Parks prior to utilizing publishable material for commercial or public purposes. This paragraph is not applicable to architectural or engineering plans produced with grant assistance.

I. FUND SOURCE RECOGNITION

The PROJECT SPONSOR must permanently and publicly acknowledge the grant program(s) that assisted project accomplishments (including, but not limited to: final documents; audio-visual recordings; photographs; plans; drawings; publications; advertisements; and project plaques). At a minimum, this acknowledgment must include the following: "This program was financed in part (or in full) by a grant from the (Federal Recreational Trails Program/State Lake Improvement Fund/ Off-highway Vehicle Fund/ or Heritage Fund) administered by the Arizona State Parks."

J. PROJECT COST VERIFICATION

The PROJECT SPONSOR must submit project expenditure documents to the BOARD or State Parks for verification or audit purposes, upon request.

K. TRANSFER OF CONTRACTUAL RESPONSIBILITY

The PROJECT SPONSOR may transfer responsibilities under the terms of this Agreement to another eligible participant, provided that approval has been granted by the BOARD in writing prior to the transfer.

PART III – COMPLIANCE

A. ANTI-TRUST

Vendor and purchaser recognize that, in actual economic practice, overcharges from anti-trust violations are borne by purchaser. Therefore, the PROJECT SPONSOR hereby assigns to BOARD any and all claims for such overcharges.

B. ARBITRATION

In accordance with A.R.S. § 12-1518, the parties agree to resolve all disputes arising out of or relating to this Agreement through arbitration, after exhausting applicable administrative review except as may be required by other applicable statutes. Venue shall be in Maricopa County, Arizona.

C. APPLICABLE LAW

In accordance with A.R.S. §41-2501, et seq, and A.A.C. R2-7-101, et seq. Agreement shall be governed and interpreted by the laws of the State of Arizona and the Arizona State Procurement Code.

D. NON-DISCRIMINATION

In accordance with A.R.S. § 41-1461, et seq, Agreement shall provide equal employment opportunities for all persons, regardless of race, color, creed, religion, sex, age, national origin, disability or political affiliation. PROJECT SPONSOR shall comply with all applicable provisions of the Arizonans with Disabilities Act of 1992, A.R.S. § 41-1492, et. seq.;the Americans with Disabilities Act, (Public Law 101-336, 42 U.S.C. 12101-12213 and 47 U.S.C. § 225 and 611); State of Arizona Executive Orders 2023-1, 2023-09, and 2009-09; and applicable state rules and federal regulations.

E. E-VERIFY

In accordance with A.R.S. § 41-4401, PROJECT SPONSOR warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with AAC section A.R.S. § 23-214, Subsection A.

F. AUDIT AND RECORDS RETENTION

In accordance with A.R.S. § 35-214 and A.R.S. § 35-215, the PROJECT SPONSOR shall retain and shall contractually require each subcontractor to retain all data, books and other records ("records") relating to this Agreement for a period of five years after completion of the Agreement. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the PROJECT SPONSOR shall produce the original of any or all such records.

G. CONFLICT OF INTEREST

In accordance with A.R.S. § 38-511, state or project sponsor may within three years after execution cancel the Contract, without penalty or further obligation, if any person significantly involved in initiating negotiating, securing, drafting or creating the Agreement on behalf of the State, at Agreement in any capacity or a consultant to any other party of the Agreement with respect to the subject matter of the Agreement.

H. REMEDIES

1. The BOARD may temporarily suspend grant assistance obligated to the PROJECT SPONSOR pending required corrective action by the PROJECT SPONSOR or pending a decision to terminate the grant by the BOARD.
2. The PROJECT SPONSOR may unilaterally terminate this Agreement at any time before the first payment is made. After the initial payment, this Agreement may be terminated, modified, or amended by the PROJECT SPONSOR only by written mutual Agreement of the Parties.
3. The BOARD may terminate this Agreement in whole or in part at any time before the date of completion if it determines that the PROJECT SPONSOR has failed to comply with the terms or conditions of the grant. The BOARD will promptly notify the PROJECT SPONSOR in writing of the determination and the reasons for the termination, including the effective date. All payments made to the PROJECT SPONSOR must be returned to the BOARD if this Agreement is terminated for cause.
4. The BOARD or PROJECT SPONSOR may terminate this Agreement in whole or in part at any time before the date of completion when both Parties agree that the continuation of the development project would not produce beneficial results commensurate with the further expenditure of funds. The two Parties must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated. The PROJECT SPONSOR must not incur new obligations for the terminated portion after the effective date and must cancel as many outstanding obligations as possible. The BOARD may allow full credit to the PROJECT SPONSOR for the grant share of properly incurred obligations that cannot otherwise be cancelled before the effective termination date.
5. The BOARD may require specific performance of the terms of this Agreement or take legal steps necessary to recover the funds granted if the PROJECT SPONSOR fails to comply with the terms of the grant or breaches any condition or special condition of this Agreement.
6. The BOARD may request and the PROJECT SPONSOR must deliver repayment of funds advanced under this Agreement in conjunction with the remedies in this section.
7. The remedies expressed in this Agreement do not limit the rights of the BOARD. This Agreement does not in any way abridge, defer, or limit the BOARD'S right to any right or remedy under law or equity that might otherwise be available to the BOARD.

I. CULTURAL RESOURCES

The PROJECT SPONSOR must meet the requirements of the State Historic Preservation Act (A.R.S. §41-861 to 41-864) before project initiation.

J. DISCLOSURE REQUIREMENTS

PROJECT SPONSOR must comply with the terms of A.R.S. § 35-181.03 or its successor statute(s) regarding audited financial statements provided to the BOARD.

K. INDEMNIFICATION

Each party (as "Indemnitor") agrees to defend, indemnify, and hold harmless the other party (as "Indemnitee") from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "Claims") arising out of bodily injury of any person (including death) or property damage, but only to the extent that such Claims which result in vicarious/derivative liability to the Indemnitee are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers. The State of Arizona, Arizona State Parks Board (ASPB) is self-insured per A.R.S. 41-621.

In addition, should PROJECT SPONSOR utilize a contractor(s) and subcontractor(s) the indemnification clause between PROJECT SPONSOR and its contractor(s) and subcontractor(s) shall include the following:

To the fullest extent permitted by law, CONTRACTOR shall defend, indemnify, and hold harmless the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of, or recovered under, the Workers' Compensation Law or arising out of the failure of such CONTRACTOR to conform to any federal, state, or local law, statute, ordinance, rule, regulation, or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by CONTRACTOR from and against any and all claims. It is agreed that CONTRACTOR will be responsible for primary loss investigation, defense, and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the CONTRACTOR agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents, and employees for losses arising from the work performed by the CONTRACTOR for the State of Arizona.

L. INSURANCE REQUIREMENTS

PROJECT SPONSOR and sub-contractors must procure and maintain occurrence-based insurance policies that cover claims for injury or death to persons or damage to property that may arise from or in connection with the performance of the work hereunder by the PROJECT SPONSOR, its agents, representatives, employees or sub-contractors.

The insurance requirements herein are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the PROJECT SPONSOR from liabilities that might arise out of the performance of the work under this Agreement by the PROJECT SPONSOR, its agents, representatives, employees or sub-contractors, and PROJECT SPONSOR is free to purchase additional insurance.

Minimum Scope and Limits of Insurance: PROJECT SPONSOR shall provide coverage with limits of liability not less than those stated below.

1. Commercial General Liability – Occurrence Form

Policy shall include bodily injury, property damage, personal injury and broad form contractual liability coverage.

General Aggregate	$2,000,000
Products – Completed Operations Aggregate	$1,000,000
Personal and Advertising Injury	$1,000,000
Blanket Contractual Liability – Written and Oral	$1,000,000
Fire Legal Liability	$50,000
Each Occurrence	$1,000,000

a. The policy shall be endorsed, as required by this written Agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to liability arising out of the activities performed by or on behalf of the PROJECT SPONSOR.

b. Policy shall contain a waiver of subrogation endorsement, as required by this written Agreement, in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising out of the activities performed by or on behalf of the PROJECT SPONSOR.

2. Business Automobile Liability

Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Agreement.

Combined Single Limit (CSL).....	$1,000,000

a. The policy must be endorsed to include the following additional insured language: "The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the NAMED INSURED involving automobiles owned, leased, hired or borrowed by the NAMED INSURED."

b. Policy must contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses out of the activities performed by or on behalf of the PROJECT SPONSOR.

3. Worker's Compensation and Employers' Liability

- Workers' Compensation Statutory
- Employers' Liability

Each Accident.....	$500,000
Disease – Each Employee.....	$500,000
Disease – Policy Limit.....	$1,000,000

a. Policy must contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising out of the activities performed by or on behalf of the PROJECT SPONSOR.

b. This requirement does not apply to: Separately, EACH PROJECT SPONSOR, contractor or sub-contractor exempt under A.R.S. 23-901, and when such PROJECT SPONSOR, contractor or sub- contractor executes the appropriate waiver (Sole Proprietor/Independent Contractor) form.

Additional Insurance Requirements:

The policies shall include, or be endorsed to include, as required by this written Agreement, the following provisions:

1. The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds wherever additional insured status is required. Such additional insureds shall be covered to the full limits of liability purchased by the PROJECT SPONSOR, even if those limits of liability are in excess of those required by this Agreement.
2. The PROJECT SPONSOR'S insurance coverage shall be primary insurance with respect to all other available sources.
3. Coverage provided by the PROJECT SPONSOR shall not be limited to the liability assumed under the indemnification provisions of this Agreement.

Notice of Cancellation:

Applicable to all insurance policies required within the Insurance Requirements of this Agreement, PROJECT SPONSOR'S insurance shall not be permitted to expire, be suspended, be canceled, or be materially changed for any reason without thirty (30) days prior written notice to the State of Arizona. Within two (2) business days of receipt, PROJECT SPONSOR must provide notice to the State of Arizona if they receive notice of a policy that has been or will be suspended, canceled, materially changed for any reason, has expired, or will be expiring. Such notice shall be sent directly to the Department and shall be mailed, emailed, hand delivered or sent by facsimile transmission to (State Representative's Name, Address & Fax Number).

Acceptability of Insurers

PROJECT SPONSOR'S insurance shall be placed with companies licensed in the State of Arizona or hold approved non-admitted status on the Arizona Department of Insurance List of Qualified Unauthorized Insurers. Insurers shall have an "A.M. Best" rating of not less than A- VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the PROJECT SPONSOR from potential insurer insolvency.

Verification of Coverage:

PROJECT SPONSOR shall furnish the State of Arizona with certificates of insurance (valid ACORD form or equivalent approved by the State of Arizona) evidencing that PROJECT SPONSOR has the insurance as required by this Agreement. An authorized representative of the insurer shall sign the certificates.

1. All such certificates of insurance and policy endorsements must be received by the State before work commences. The State's receipt of any certificates of insurance or policy endorsements that do not comply with this written Agreement shall not waive or otherwise affect the requirements of this Agreement.
2. Each insurance policy required by this Agreement must be in effect at, or prior to, commencement of work under this Agreement. Failure to maintain the insurance policies as required by this Agreement, or to provide evidence of renewal, is a material breach of contract.
3. All certificates required by this Agreement shall be sent directly to the Department. The State of Arizona project/contract number and project description shall be noted on the certificate of insurance. The State of Arizona reserves the right to require complete copies of all insurance policies required by this Agreement at any time.

Subcontractors:

PROJECT SPONSOR's certificate(s) shall include all contractors and subcontractors as insureds under its policies or PROJECT SPONSOR shall be responsible for ensuring and/or verifying that all subcontractors have valid and collectable insurance as evidenced by the certificates of insurance and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum Insurance Requirements identified above. The Department reserves the right to require, at any time throughout the life of the Agreement, proof from the PROJECT SPONSOR that its contractors and subcontractors have the required coverage.

Approval and Modifications:

The Contracting Agency, in consultation with State Risk, reserves the right to review or make modifications to the insurance limits, required coverages, or endorsements throughout the life of this Agreement, as deemed necessary. Such action will not require a formal Agreement amendment, but may be made by administrative action.

Exceptions:

In the event the PROJECT SPONSOR or subcontractor(s) is/are a public entity, then such public entity shall provide a certificate of self-insurance. If the PROJECT SPONSOR of subcontract(s) is/are a State of Arizona agency, board, commission, or university, none of the above shall apply.