STAFF REPORT

SUBJECT: Breeze Transit Services

MEETING DATE: November 7, 2012

AGENDA ITEM: 4

STAFF CONTACT: Steve VanDenburgh, Sarkes Khachek

RECOMMENDATION:

Recommend approval of the Memorandum of Understanding for the Breeze Pilot Transit Service from Santa Maria to Solvang.

SUMMARY:

Staff is recommending that an MOU to initiate pilot Breeze service between Santa Maria and Solvang be recommended to the full board for approval. The service would address the concerns that residents of the Santa Ynez Valley, Los Alamos and Santa Maria expressed during the last cycle of unmet transit needs hearings about being able to move between their respective communities on a publicly funded transit service. Since intercity Breeze transit service currently operates between Santa Maria, VAFB and Lompoc, the pilot service would be given the same name and be operated by the same agency, the City of Santa Maria.

The service would start in January 2013 and continue until June 30, 2014. A Policy Committee consisting of the SBCAG representatives from Buellton, Solvang, and Santa Maria, an appointee of the Board of Supervisors and the SBCAG Executive Director as ex-officio, would meet near the end of the service term to determine the feasibility of continuing the service and make a recommendation to their respective policy bodies. The primary sources of funding during the pilot period are a federal transit grant matched by Measure A and state transit funds provided as a match by the local agencies.

DISCUSSION:

In the North County, existing intercity transit services allow a person to travel between Guadalupe\Santa Maria (Guadalupe Flyer), Santa Maria\Lompoc (Breeze), and Lompoc\Santa Ynez Valley (Wine Country Express). But there is currently no intercity transit service connecting the Santa Ynez Valley and Santa Maria. During the Unmet Transit Needs process in recent years, persons desiring to travel on transit between the Santa Ynez Valley and Santa Maria, via Los Alamos, have requested that new service be added.

The North County subregional committee recommended to the SBCAG board that SBCAG staff be authorized to submit state and federal grant applications to fund Santa Maria to Santa Ynez Valley service. A grant application was submitted for Federal Transit Administration 5311(f) funding in cooperation with the city of Santa Maria last year, with the city as the proposed operator. A grant for $102,500 was awarded in September 2011. The funds must be expended by June 30, 2014.
A Memorandum of Understanding to confirm Santa Maria as the operator, the agencies that would make local matching contributions, and establish a staff and policy committee framework, has been under development for the past nine months between Solvang, Buellton, the County, Santa Maria and SBCAG. Originally planned to be implemented on July 1, 2012, the service start date was pushed back as the MOU was negotiated between the five parties. The final version of the MOU is included as Attachment A. The MOU specifies that:

- The pilot program will provide weekday service between Solvang, Buellton, Los Alamos and Santa Maria with 3 roundtrips per day.
- Cash fares will be $2.00/trip and monthly passes will be $75.00
- The City of Santa Maria will be the lead agency operating the service.
- The primary source of funding will be the FTA 5311 federal grant.
- The net costs of operating the service will be paid by Solvang, Buellton, the County and Lompoc using Measure A Local Transportation Funding and state transit funding.
- A Policy Committee will be formed consisting of the SBCAG representatives from Buellton, Santa Maria and Solvang and an appointee of the Board of Supervisors. The committee will set the budget, service plan and fares for the following year. The SBCAG Executive Director would be an ex-officio member of the committee.
- A Working Group will be formed consisting of staff from the three cities and the County to advise the Policy Committee. SBCAG staff would be an ex-officio member of the committee.
- SBCAG would provide staff services to the Policy Committee and Working Group.
- Performance measures would include, but are not limited to, farebox recovery ratio, operating costs per revenue vehicle hour, passengers per vehicle trip, and funding contribution ($48,350 or less) per funding partner over the term of the MOU.

The MOU is scheduled for approval by all partner agency governing boards in November and December as follows:

- Solvang November 15
- SBCAG November 15
- Santa Maria December 4
- Buellton December 13
- County TBD

Upon approval by all agencies, the pilot service is expected to begin in January 2013 and run through June 30, 2014. At that time the Policy Committee would convene to review the performance of the service and a recommendation from the Working Group as to whether the service should continue.

SBCAG staff recommends that the North County Subregional Committee recommend the SBCAG Board approve the MOU at their November 15 meeting.

**COMMITTEE REVIEW:** None

**ATTACHMENTS:**

A. Breeze Extension Service Memorandum of Understanding
MEMORANDUM OF UNDERSTANDING

BETWEEN THE CITIES OF SANTA MARIA, BUELLTON, SOLVANG,
THE COUNTY OF SANTA BARBARA AND
THE SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Regarding Implementation of a Breeze Pilot Project to
Provide Regular, Fixed-Route, Public Transit Service between
Santa Maria, Los Alamos, Buellton, and Solvang

This Memorandum of Understanding (MOU) is entered into between the cities of Santa
Maria, Buellton, and Solvang, the County of Santa Barbara, collectively referred to as
“FUNDING PARTNERS”, and the Santa Barbara County Association of Governments,
hereinafter referred to as “SBCAG, and collectively referred to as “THE PARTIES” for
the purpose of defining agency roles, responsibilities, and commitments in conjunction
for the purpose of defining agency roles, responsibilities, and commitments in
conjunction with the implementation of a pilot project to provide regular, fixed-route
public transportation service on the Highway 101/246 corridor between Santa Maria,
Los Alamos, Buellton, and Solvang.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained
herein, the PARTIES agree as follows:

1. Project Description

   The Breeze Pilot Project will provide regularly-scheduled, fixed-route, intercity bus
service between Santa Maria, Los Alamos, Buellton, and Solvang. The pilot project
will be open to the public, for all trip purposes, and will be fully accessible to persons
with disabilities. The City of Santa Maria, in coordination with the cities of Buellton
Solvang, and County of Santa Barbara, will implement the pilot service commencing
on December 4, 2012, or later date when all PARTIES have signed the MOU, and
remaining in effect until and including June 30, 2014, contingent on the availability of
funding.

2. Lead Agency

   The City of Santa Maria shall be the sole administrator of the project and shall be
responsible for service contracting with a qualified bus operator (“CONTRACTOR”)
and compliance with all federal and state requirements.

3. Service Proposal

   This MOU contains the budget, funding obligations, and performance requirements
for the Breeze Pilot Project. Annual performance measures for the term of the
Breeze Pilot Project will provide thresholds to gauge the Pilot Project’s performance.
If the service is failing to meet one or more performance measures, reasonable
efforts will be made to modify the service to improve performance. The service may also be discontinued by termination of the MOU after reasonable efforts have been made.

4. Procurement of Insurance Coverage and Indemnification

THE PARTIES agree to procure and maintain liability insurance in an amount sufficient to protect against claims that may be filed against THE PARTIES for the services they provide, or THE PARTIES may elect to self-insure against such claims as provided by their respective government policies.

In lieu of and notwithstanding the pro rata risk allocation which might otherwise be imposed between the parties pursuant to Government Code Section 895.6, the parties agree that all losses or liabilities incurred by a party shall not be shared pro rata but instead THE PARTIES agree that pursuant to Government Code Section 895.4, each of the parties hereto shall fully indemnify and hold each of the other parties, their officers, board members, employees and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying party, its officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such party under this Agreement. No party, nor any officer, board member, employee or agent thereof shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of other parties hereto, their officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such other parties under this Agreement.

5. Contractor Insurance

City of Santa Maria shall require the Contractor of the Breeze Pilot Project to comply with the indemnity and insurance requirements specified in Attachment A and provide all parties with copies of the Certificates of Insurance, including the endorsement(s) naming the parties as additional insureds.

6. Nondiscrimination

City of Santa Maria shall require Contractor to comply with the nondiscrimination requirements of funding agencies, including the following nondiscrimination language insofar as consistent with those requirements:

During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee, applicant for employment or service customer because legally protected characteristics or conduct including sex, race, color, ancestry, religious creed, national origin, physical disability, medical condition, age, or marital status.
Contractor shall insure that the evaluation and treatment of their employees, applicants for employment and service customers are free from such discrimination.

7. Service Plan

The Breeze Pilot Project will operate five days a week, Monday through Friday. To the extent practicable, the services will provide for efficient interlinking connections between Santa Maria Area Transit, Santa Ynez Valley Transit, the Wine Country Express, and other transit services.

The Breeze Pilot Project will provide three (3) round-trips per weekday in the morning, mid-day and afternoon. The service will operate generally between the transit center in Santa Maria, Buellton Town Center (Highway 246 and McMurray Road), and Solvang Park in Solvang, with stops at intermediate locations subject to change as demand warrants, and including a stop in the community of Los Alamos at Ferini Park.

8. Funding

The FUNDING PARTNERS will share equally in the net costs associated with the Breeze Pilot Project, after deducting all passenger and other operating revenue and Federal Transit Administration grants.

The primary source of funding for the Breeze Pilot Project will be Federal Transit Administration 5311f Intercity Transit funds. The cities of Santa Maria, Buellton, and Solvang and the County of Santa Barbara will also provide Transportation Development Act funds or Local Measure A funds as matching funds, or other local funding if it becomes available. Federal Transit Administration 5311f funding has been secured for the first year of project and will be pursued to fund the second year and subsequent years with the assistance of SBCAG. If additional Federal Transit Administration 5311f funds are not secured after the first year, the parties will work cooperatively to identify other matching fund sources or, if other funding sources are not available, may choose to terminate the Breeze Pilot Project.

City of Santa Maria will, on a monthly basis, invoice the other FUNDING PARTNERS for actual net operating costs, after deducting all passenger and other operating revenue and Federal Transit Administration grants. The invoice should clearly detail monthly expenditures and revenues applied to the program in determining the “net program” costs. It should also demonstrate the allocation of net costs to each participating agency. Each local agency shall indicate, with each payment, the source(s) of funding used to make the payment. Payment shall be due thirty (30) days after the date of the invoice. The cities of Buellton, Solvang and the County of Santa Barbara have the option of including funding for the Breeze Pilot Project in their annual Transportation Development Act claims so that SBCAG may...
make a direct payment of Transportation Development Act funds for the Pilot Project to the City of Santa Maria.

FUNDING PARTNERS agree to annually commit estimated amount of Transportation Development Act contribution for the operation of the Breeze Pilot Service when SBCAG publishes the Annual Transportation Development Act Apportionment. The Working Group in Section 12 can make recommendations to adjust to the Transportation Development Act contribution from each FUNDING PARTNER for the approval of the Policy Committee. This allocation is subject to final budget approval by the city councils and Board of Supervisors.

9. Securing Funding

With assistance from SBCAG, the FUNDING PARTNERS will work cooperatively to pursue other federal or state grant opportunities where appropriate for the Breeze Pilot Project, such as from the Job Access & Reverse Commute (FTA 5316) grant program, in order to augment or reduce the Federal Transit Administration, Transportation Development Act and local funds needed for continuation of the service.

The City of Santa Maria will be responsible for submitting grant applications. SBCAG staff will assist the City of Santa Maria with preparation of grant applications.

If a local match is required to receive grant funding, the FUNDING PARTNERS will share equally in the matching funds needed to meet the required local match, and will execute the necessary paperwork to facilitate receipt of grants.

10. Reporting

City of Santa Maria shall submit or have Contractor prepare and submit report(s) to the parties that demonstrate compliance with this agreement.

11. Records, Audit and Review

City of Santa Maria shall keep such business records pursuant to this Agreement as would be kept by a reasonably prudent transit operator, and where necessary shall require CONTRACTOR to keep such records, and shall maintain or require the maintenance of such records for at least five (5) years following the termination of this Agreement. Such records shall include documents necessary to show compliance with Paragraph 12 “Performance Measures.” All accounting records shall be kept in accordance with generally accepted accounting principles. Any party shall have the right to audit and review all such documents and records at any time during City of Santa Maria’s or CONTRACTOR’s regular business hours upon reasonable notice.
12. Policy Committee and Working Group

The Policy Committee for the Breeze Pilot Project shall be established, consisting of the following individuals or such successors as may be appointed by the local agency representatives:

- Santa Barbara County Supervisor (appointed by Board of Supervisors)
- Buellton City Council representative on the SBCAG board
- Santa Maria City Council representative on the SBCAG board
- Solvang City Council representative on the SBCAG board

The SBCAG Executive Director or designee will be an ex-officio representative on the Policy Committee. The Policy Committee shall meet a minimum of once a year to review and approve interagency agreements, budgets, and service plans, including fare structures, for the following year.

A Working Group will be established comprising staff representatives of the following agencies:

- City of Santa Maria
- County of Santa Barbara
- City of Buellton
- City of Solvang
- SBCAG (Ex-officio)

The Working Group will assist in the development and evaluation of detailed service plans, routes, schedules, budget, performance measures, and other service details. The Working Group shall be appraised on the selection of the service contractor by the City of Santa Maria.

Pursuant to the Brown Act, SBCAG staff will serve as staff to the Policy Committee and will prepare and make meeting agendas and materials available to the public.

SBCAG staff will also serve as staff to the working group.

13. Performance Measures

The Working Group, as established in Section 12, shall develop performance measures and evaluate the effectiveness of the service based on the following performance measures:

- farebox recovery ratio (goal of 20%)
- operating cost per passenger
- operating cost per vehicle service hour
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- passengers per vehicle service hour
- passengers per vehicle service mile
- passengers per trip
- net operating cost per FUNDING PARTNER (goal of $48,350 or less over term of MOU)

As required by the Federal Transit Administration, the City of Santa Maria, as the administrator of the service will collect and report financial (operating expenses) and non-financial (ridership) data to the National Transit Database. The City of Santa Maria will track data for the Breeze Pilot Project separately, as least for the duration of the pilot period.

The Working group for the Breeze Pilot Project will evaluate performance reports prepared by Santa Maria based on performance indicators for the service after 6, 12 and 20 months.

At month 20, the performance indicators will be evaluated by the Working Group and the committee will make a recommendation to the Policy Committee as to whether or not the service should continue.

14. Bus Equipment

The Pilot Project service will utilize Americans with Disabilities Act (ADA) compliant transit buses suitable for freeway operations.

If the City of Santa Maria utilizes an existing bus from another agency, possession of the vehicle title shall be transferred to the City of Santa Maria.

If the City of Santa Maria purchases a new bus, it shall be registered to the City of Santa Maria, for the specific use of the service. Should the bus be sold as a result of termination of the MOU, all proceeds from the sale shall be equally split among the then current FUNDING PARTNERS of the respective service.

15. Service Contracting

The City of Santa Maria will prepare any Request for Proposals (RFP) needed for the provision of operating services by a contractor for the Breeze Pilot Project. The RFP shall meet all applicable federal requirements. The Working Group will review and provide input on the scope of work. Alternatively, with the approval of the Working Group, the City may amend an existing transit service contract to provide the Breeze Pilot Project service. The City of Santa Maria will also be responsible for the sale of advertising on the Breeze Pilot Project.
16. Fares

One-way fares for the service will be set at $2.00 for adults and $1.00 for seniors and persons with disabilities, similar to the existing Breeze service. Monthly passes will be $75 for adults and $37.50 for seniors and persons with disabilities. All local transit agencies will work together to insure that transfers are free from the intercommunity service to local systems. Fare changes shall be subject to approval by the Policy Committee. The City of Santa Maria, in coordination with FUNDING PARTNERS will hold the required hearing prior to implementing any fare changes to the service.

The respective Policy Committees for the Breeze Service and Breeze Pilot Project shall determine the inter-service transfer fare per recommendation from the respective Breeze Service and Breeze Pilot Project Working Groups.

17. Marketing

Marketing activities, promotional materials, printed schedules, etc. will be developed by the City of Santa Maria and other parties to the MOU. All parties to this MOU will work cooperatively to develop marketing strategies that maximize ridership and effectiveness of the services. The service will be aggressively promoted by all parties to this MOU. All parties to this MOU will post the service schedule and other information on their websites. SBCAG’s existing guaranteed-ride-home program will be available to users of the service through the Traffic Solutions program.

18. Long-Term Continuation of Service

The Working Group shall evaluate the Breeze Pilot Project annually. The Working Group shall make a recommendation to the Policy Committee as to whether or not the service should continue after the pilot project period. The Policy Committee shall recommend whether to continue or discontinue the service. If the Policy Committee decides to continue the service, the Working Group shall develop a plan for the long-term operation of the service for approval by the Policy Committee.

19. Amendment

This MOU may be amended or extended only by the written consent of all parties.

20. Termination

Any party to this MOU may terminate its participation under this Agreement by giving 90 days written notification to the other parties.

21. Integration

This Agreement represents the entire and integrated Agreement between the parties and supersedes any and all other negotiations, representations, and/or agreements,
either oral or in writing, between the parties hereto with respect to the subject matter hereof, and no other agreement, statement or promise relating to the subject matter of this Agreement which is not contained herein shall be valid or binding.

22. **California Law to Apply.**

   This Agreement shall be construed under and in accordance with the laws of the State of California. All obligations created under this Agreement are performable in California.

23. **Jurisdiction**

   Jurisdiction and venue of all lawsuits over the terms of this agreement shall be in the superior court of Santa Barbara County, State of California.

24. **Warranty of Authority**

   Each person signing this agreement on behalf of a party warrants that he or she has authority to do so.

25. **Waivers**

   The waiver by any party to this Agreement of any term, covenant, or condition of this Agreement or of any provision, ordinance, or law, shall not be deemed to be a continuing waiver of such term, covenant, condition, or law, or of any subsequent breach or violation of the same, or of any other term, covenant, and ordinance of law. Failure to enforce with respect to a default shall not be construed as a waiver.

26. **Severability**

   The provisions of this agreement are severable. If any part of this agreement is held invalid by a court of competent jurisdiction, the remainder of the agreement shall remain in full force and effect unless amended or modified by mutual written consent of the parties.

27. **Points of Contact**

   All notices referenced in this Agreement shall be in writing and shall be given by first class mail addressed as follows, or at such other address or to such person that the parties may from time to time designate in writing:

   **City of Santa Maria**
   Transit Services Manager
   110 South Pine Street, Suite 101
   Santa Maria, CA 93458
28. **Counterpart Signatures**

The parties agree that this Agreement may be signed in counterparts.
CITY OF BUELLTON

_________________________________
Mayor Holly Sierra

_________________________________
Date

Approved as to Form:
Ralph Hanson
Buellton Counsel

By:_________________________
Ralph Hanson, Counsel for City of Buellton
CITY OF SANTA MARIA

______________________________
Mayor Larry Lavagnino

______________________________
Date

ATTEST

By: ____________________________

Approved as to Form:
Wendy Stockton
Senior Assistance City Attorney/Utilities Counsel

By: ____________________________
Wendy Stockton, Senior Assistance City Attorney/Utilities Counsel
CITY OF SOLVANG

Mayor Jim Richardson

Date

ATTEST

By: _______________________

Approved as to Form:
Roy Hanley
City Attorney

By: _______________________
Roy Hanley, City Attorney for City of Solvang
COUNTY OF SANTA BARBARA

Supervisor Doreen Farr, Chair

Date

ATTEST:

By: _____________________________

Clerk of the Board

Approved as to Form:

DENNIS A. MARSHALL,

COUNTY COUNSEL

By: _____________________________

Michael R. Ledbetter, Senior Deputy,

Counsel for County

By: _____________________________

Robert W. Geis, Auditor-Controller

By: _____________________________

Ray Aromatorio, Risk Manager
SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

Supervisor Joni Gray, Chair

Date

ATTEST

By: _________________________

Clerk of the Board

Approved as to Form:

DENNIS A. MARSHALL,
COUNTY COUNSEL

By:_________________________

William M. Dillon, Senior Deputy,
Counsel for SBCAG
Attachment A

CONTRACTOR shall comply with the following requirements. CONTRACTOR shall not subcontract any services provided under this Agreement without the written consent of the City of Santa Maria and full compliance by any subcontractor with the requirements of this Agreement.

1. Indemnification – CONTRACTOR (TRANSPORTATION COMPANY) agrees to indemnify, defend (with counsel reasonably approved by County Counsel) and hold harmless THE PARTIES and their authorized officers, employees, agents and volunteers from and against any and all claims, actions, losses, damages, and/or liability arising out of this Agreement from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses (including but not limited to attorneys’ fees) incurred by THE PARTIES on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnitees. CONTRACTOR shall notify THE PARTIES immediately in the event of any accident or injury arising out of or in connection with this Agreement. This Indemnification provision shall survive any expiration or termination of this Agreement.

2. Insurance. Insurance Specifications – CONTRACTOR agrees to provide insurance set forth in accordance with the requirements herein. If CONTRACTOR uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, CONTRACTOR agrees to amend, supplement or endorse the existing coverage to do so. The type(s) of insurance required is determined by the scope of the contract services.

Without in any way affecting the indemnity herein provided and in addition thereto, CONTRACTOR shall secure and maintain throughout the Agreement term the following types of insurance with limits as shown:

A Workers’ Compensation/Employers Liability – A program of Workers’ Compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer’s Liability with one million dollar ($1,000,000) limits
covering all persons including volunteers providing services on behalf of CONTRACTOR and all risks to such persons under this Agreement.

If CONTRACTOR has no employees, it may certify or warrant to THE PARTIES that it does not currently have any employees or individuals who are defined as “employees” under the Labor Code and the requirement for Workers’ Compensation coverage will be waived by the County’s Risk Manager.

B. Commercial/General Liability Insurance – CONTRACTOR shall carry General Liability Insurance covering all operations performed by or on behalf of CONTRACTOR providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars ($1,000,000) per occurrence and a two million dollar ($2,000,000) general aggregate limit.

C. Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than three million dollars ($3,000,000) for bodily injury and property damage, per occurrence.

D. Umbrella Liability Insurance – An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a “dropdown” provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability. An Additional Insured Endorsement shall be provided on the Umbrella policy as it relates to the primary policies requiring an Additional Insured Endorsement.

3. Additional Insured – All policies, except for the Workers’ Compensation, Errors and Omissions and Professional Liability policies, shall contain endorsements naming and their officers, employees, agents and volunteers as additional insureds with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for THE PARTIES to vicarious liability but shall allow
coverage for **THE PARTIES** to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

4. **Waiver of Subrogation Rights** – CONTRACTOR shall require the carriers of required coverages to waive all rights of subrogation against **THE PARTIES**, their officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit CONTRACTOR and CONTRACTOR’s employees or agents from waiving the right of subrogation prior to a loss or claim. SUBCONTRACTOR hereby waives all rights of subrogation against **THE PARTIES**.

5. **Policies Primary and Non-Contributory** – All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by **THE PARTIES**.

6. **Severability of Interests** – CONTRACTOR agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between CONTRACTOR and **THE PARTIES** or between any FUNDING PARTNER and any other insured or additional insured under the policy.

7. **Proof of Coverage** – CONTRACTOR shall furnish Certificates of Insurance to the CITY OF SANTA MARIA Department administering the Agreement evidencing the insurance coverage, including Additional Insured Endorsements, as required, prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and CONTRACTOR shall maintain such insurance from the time CONTRACTOR commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the commencement of this Agreement, CONTRACTOR shall furnish a copy of the Declaration page for all applicable policies and will provide complete copies of the policies and endorsements immediately upon request.
8. **Acceptability of Insurance Carrier** – Unless otherwise approved by THE PARTIES, insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best’s Insurance Guide rating of “A- VII”.

9. **Deductibles and Self-Insured Retention** – Any and all deductibles in excess of $10,000 shall be declared to the THE PARTIES. A Self-Insured Retention is not acceptable.