

ATTACHMENT A (Continued)

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D. Remedial Action Workplan Draft

465 days after
effective date
of Order

Final RA Workplan

30 days after
EPA approval of
Draft

E. Conduct Pre-Construction Conference

IV. IMPLEMENTATION OF REMEDIAL ACTION

A. Construction Complete

695 days after
effective date
of Order

B. Pre-final Inspection

C. Final Inspection

D. Interim Remedial Action Report Draft

785 days after
effective date
of Order

Final Interim Remedial Action Report

46 days after
EPA approval of
Draft

EXHIBIT 3

Scope of Work
Insurance Requirements

General Provisions

Without limiting the Operator's indemnification of the City of Burbank, the operator shall provide and maintain at its own expense, during the term of the Agreement, or as may be further required herein, the following insurance coverages and comply with the following provisions.

By requiring insurance herein, the City does not represent that coverage and limits will necessarily be adequate to protect Operator, and such coverage and limits shall not be deemed as a limitation on Operator's liability under the indemnities granted to the City in this contract.

The City and the Lockheed Martin Corporation (Lockheed Martin) may, by mutual agreement, modify the types and levels of coverage based upon the level of risk associated with the work, the availability of coverages, and the reasonableness of costs associated with the level of protection afforded. However, Commercial General Liability (CGL), workers' compensation, and automobile liability coverage shall equal or exceed the levels of coverage specified in the Second Consent Decree. If the City and Lockheed Martin are unable to agree on the changes to the types and levels of coverage, the cost consultant may review and resolve the issue. Either party may then invoke the dispute resolution provisions of the Consent Decree.

If the Operator fails to maintain the insurance as set forth herein, the City shall have the right, but not the obligation, to purchase said insurance at the Operator's expense.

The Operator shall provide certified copies of all insurance policies required above within ten days of the City's written request for said copies.

The Operator shall also cause such firm to advise the City in writing at least 30 days prior to the expiration or termination of any such insurance.

Along with the appropriate insurance coverages, the Operator shall provide the City and the additional insureds an acceptable hold harmless and indemnity provision covering the work it performs under the contract.

1.1 Evidence of Insurance. Prior to project inception, the Operator shall provide an original plus one copy of a Certificate of Insurance executed by a duly authorized representative of each insurer certifying that coverage as required herein has been obtained and remains in force for the period required herein. Individual endorsements executed by the insurance carrier for the coverage are required. In addition, a certified copy of the policy or policies shall be provided by the Operator upon request.

1.1.1 This verification of coverage shall be sent to the address of the City of Burbank. The

Operator shall not receive a Notice to Proceed with the work under the Agreement until it has obtained all insurance required and such insurance has been approved by the City of Burbank. This approval shall neither relieve or decrease the liability of the Operator.

1.1.2 All certificates shall provide 30 days written notice to the City and the additional insureds prior to the cancellation or material change of any insurance referred to therein.

1.1.3 Except as required in paragraph 2.4.2 below, should any of the work under this Agreement be sublet, the Operator shall require each of its subcontractors of any tier to provide the aforementioned coverages, or Operator shall insure subcontractors under its own policies. In addition, if the subcontractor is an architect or engineer, he or she must provide a professional liability policy with limits as prescribed by the City. The reasonableness of these insurance costs are reviewable by the cost consultant.

1.1.4 The words "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives" shall be deleted from the certificate form's cancellation provision.

1.1.5 Failure of the City to demand such certificate or other evidence of full compliance with these insurance requirements or failure of the City to identify a deficiency from evidence that is provided shall not be construed as a waiver of Operator's obligation to maintain such insurance.

1.1.6 Failure to maintain the required insurance may result in termination of this contract at the City's option.

1.1.7 **Claims Made Coverage.** If coverage is written on a claims made basis, in addition to coverage requirements above, such policy shall include the following requirements.

1.1.7.1 The policy retroactive date must coincide with or precede the Operator's start of work (including subsequent policies purchased as renewals or replacements).

1.1.7.2 Operator must maintain similar insurance during the required five year extended period of coverage following termination of the contract, including the requirement of adding additional insureds.

1.1.7.3 If insurance is terminated for any reason, Operator agrees to purchase an extended reporting provision of at least five years to report claims arising from work performed in connection with the contract.

1.1.7.4 The policy shall allow for reporting of circumstances or incidents that might give rise to future claims.

1.1.8 Annual Insurance Report On or before the execution of the contract and as soon as

practicable after the end of each calendar year during the Term (and in any event within 90 days thereafter), Operator shall furnish or cause to be furnished to the City a report signed by a firm of independent insurance brokers, which may be a firm regularly retained by the Operator, appointed by the Operator and not objected to by the City, showing the insurance then carried and maintained relative to this contract, stating that in the opinion of such firm, such insurance is in full force and effect, that the insurance complies with the terms hereof, and, in the event that the coverage of the Operator is deficient, certifying the maximum coverage which is available on commercially reasonable terms with respect to each risk required to be insured against under this contract. The Operator shall cause such firm to undertake to advise the City in writing promptly of any default in the payment of any premium and of any other act or omission on the part of the Operator of which they have knowledge and which might invalidate or render unenforceable, in whole or in part, any such insurance.

Insurance

2.0 The Operator shall obtain insurance of the types and in the amounts described below.

2.1 **Commercial General and Umbrella Liability Insurance.** Operator shall maintain commercial general liability (CGL) and, if necessary, commercial umbrella insurance with a limit of not less than \$20,000,000 each occurrence and in the annual aggregate, \$10,000,000 of which is dedicated to activities associated with the Burbank Operable Unit.

2.1.1 CGL insurance shall be written on a standard ISO occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract, as well as defense obligations and defense expenses). The policy shall include a severability of interest clause providing that the coverage applies separately to each insured except with respect to the limits of liability.

2.1.2 The CGL insurance shall include the signatories to the Second Consent Decree as additional insureds under the policy, and the commercial umbrella and excess liability insurance, if any. This insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to these signatories.

2.1.3 Insurance afforded by this policy shall not be canceled or changed without 30 days prior written notice of such cancellation or change being delivered to each additional insured.

2.1.4 Insurance policy(s) shall reflect that Carrier waives all rights against the City and the other signatories to the Second Consent Decree, and their agents, officers, directors, and employees to the extent these damages are covered by the commercial general liability or commercial umbrella liability insurance maintained pursuant to paragraph 2.1 of these requirements.

2.1.5 Any self insured retention in the insurance policy(s) is subject to initial review and approval by the City and subject to an annual review.

2.2 Business Auto and Commercial Umbrella Liability Insurance. The Operator shall maintain business auto liability and, if , necessary, commercial umbrella liability insurance with a limit of not less than \$20,000,000 combined single limit per occurrence

2.2.1 Such insurance shall cover liability arising out of any auto (including owned, hired, and non-owned autos.)

2.2.2 Business auto coverage shall be written on a standard ISO form or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.

2.2.3 The City and the other signatories to the Second Consent Decree shall be included as additional insureds under the Business Auto and the Commercial Umbrella, if any.

2.2.4 The insurance policy(s) shall reflect that Carrier waives all rights against the City and the other signatories to the Second Consent Decree and their agents, officers, directors, and employees for recovery of damages to the extent these damages are covered by the business auto liability or commercial liability insurance obtained by the Operator pursuant to Paragraph 2.0 of this scope of work.

2.2.5 Insurance afforded by this policy shall not be canceled or changed without 30 day's written notice of such cancellation or change being delivered to each additional insured.

2.3 Workers Compensation and Employers Liability Insurance. The Operator shall maintain workers' compensation, occupational disease coverage, and employer's liability insurance.

2.3.1 The Operator shall maintain statutory workers' compensation coverage including a broad form all-states endorsement.

2.3.2 The Operator shall maintain employer's liability and/or commercial umbrella limits coverage for not less than \$20,000,000 including occupational disease.

2.3.3 The Operator shall include the City and the other signatories to the Second Consent Decree as additional insureds or provide a waiver of the right of subrogation.

2.3.4 The insurance policy(s) shall reflect that Carrier waives all rights against the City , the other additional insureds, and their agents, officers, directors, and employees for recovery of damages to the extent these damages and related claims handling costs are covered by the workers' compensation and employers liability or commercial umbrella and excess liability

insurance obtained by the Operator pursuant to paragraph 2.4 of this scope of work.

2.3.5 Insurance afforded by this policy shall not be canceled or changed without 30 day's written notice of such cancellation or change being delivered to each additional insured.

2.4 Operator's Pollution Liability and Professional Liability Insurance. Operator shall maintain contractor's pollution liability (CPL) and professional liability, including pollution errors and omissions (E&O) insurance with a limit of not less than \$25,000,000 per occurrence and \$25,000,000 annual aggregate per location.

2.4.1 CPL and E&O insurance shall be written on a policy form(s) acceptable to the City and provide project-specific coverage for the work the Operator performs under this contract.

2.4.2 CPL and E&O insurance shall cover the liability of any subcontractors performing work for the Operator.

2.4.3 The City and the other signatories to the Second Consent Decree shall be included as additional insureds under the CPL and E&O.

2.4.4 The insurance policy(s) shall reflect that Carrier waives all rights against the City and the other signatories to the Second Consent Decree, and their agents, officers, directors, and employees for recovery of damages to the extent these damages are covered by CPL and E&O insurance maintained pursuant to paragraph 2.4 of this scope of work.

2.4.5 Insurance afforded by this policy shall not be canceled or changed without 30 day's written notice of such cancellation or change being delivered to each additional insured.

2.5 Commercial Property and Boiler & Machinery, Including Business Interruption Insurance. The Operator shall maintain commercial property and boiler and machinery insurance covering the building, fixtures, equipment, improvements and betterments to full replacement cost and loss of income as a result of loss or damage to property.

2.5.1 Property and boiler and machinery shall be insured on a blanket all risk basis, including the peril of flood, but not the peril of earthquake shock. Any self insured retention in the policy(s) shall be subject to review and approval by the City and subject to an annual review.

2.5.2 Property and boiler and machinery insurance shall be extended, if not already provided in the policy form(s), to cover all underground property, and shall include the costs to re-drill any damaged underground water wells.

2.5.3 Property and boiler and machinery insurance shall be extended, if not already provided in the policy form, to include resultant damage to insured property from error in design, faulty workmanship or faulty materials. In addition, coverage shall include joint loss, demolition

coverage, increased cost of construction, contingent liability from operation of building laws, extra expense, expediting expense, and service interruption.

2.5.4 Comprehensive boiler and machinery shall include, but not be limited to, increased cost of construction, hazardous materials, water damage, expediting expense, business income, business interruption, joint loss clause, replacement cost and replacement cost valuation, demolition, increased cost of construction, and services interruption.

2.5.5 Flood coverage with a limit equal to the full replacement cost of the insured property shall be provided. This requirement is subject to annual review and modification by the City in recognition of changes in the insurance marketplace.

2.5.6 Contractor shall purchase business income, business interruption, extra expense or similar time element coverage in the amount of \$15,000,000 as part of this commercial property insurance, and in no event shall the City or the signatories to the Second Consent Decree be liable for any business interruption or other consequential loss sustained by Contractor, whether or not it is insured, even if such loss is caused by the negligence of the City or the signatories to the Second Consent Decree or their employees, officers, directors, or agents.

2.5.7 Any coinsurance requirement in the policy(s) shall be eliminated through the attachment of an agreed amount endorsement, the activation of an agreed value option, or as is otherwise appropriate under the particular policy form.

2.5.8 All deductibles will be the responsibility of the Operator and will not exceed \$10,000 per occurrence excluding flood coverage.

2.5.9 The Operator shall name the City of Burbank as Loss Payee.

2.5.10 The insurance policies shall reflect that the Carrier hereby waives any recovery of damages against the City, the other signatories to the Second Consent Decree, and their employees, officers, directors, agents, or representatives, for loss or damage to the building, improvements and betterments, fixtures, equipment, and any other personal property to the extent covered by the commercial property insurance or boiler and machinery insurance required above.

2.5.11 The City shall be included as an insured and loss payee under the commercial property and boiler and machinery insurance.

2.5.12. The coverages required in paragraph 2.5 shall apply as primary insurance.

2.5.13 Insurance required by this paragraph shall not be canceled or changed without 30 days prior written notice of such cancellation or change being delivered to a designated notice recipient for each signatory to the Second Consent Decree.

2.5.14 Prior to making any material change to the coverages described in this Section 2.5, et seq., the City and Lockheed Martin shall notify the Settling Cash Defendants (through a single representative to be named by such Defendants). Any objections by the Settling Cash Defendants shall be reviewed and resolved by the Cost Consultant, and any party may then invoke the dispute resolution provisions of the Consent Decree.