

August 17, 2016

Mr. Bill Sauls
Audit Committee Chair
Downtown San Diego Partnership
401 B Street, Suite 100
San Diego, California 92101

RE: 2016 Audit Services for Downtown San Diego Partnership

Dear Mr. Sauls:

Thank you for choosing CohnReznick LLP ("CohnReznick" and/or "we") to perform professional services for Downtown San Diego Partnership (referred to herein as the "Company" and/or "you"). This engagement letter and the attached General Terms and Conditions (collectively, the "Agreement") shall confirm our understanding of the services we are to provide Downtown San Diego Partnership for the Year ended June 30, 2016.

We will audit the financial statements of Downtown San Diego Partnership, which comprise the balance sheet as of June 30, 2016, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements. Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole:

1. Supplementary information regarding the PBID program and the Organization

Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of Downtown San Diego Partnership's financial statements. Our report will be addressed to the audit committee of Downtown San Diego Partnership. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of certain assets and liabilities

by correspondence with selected customers, creditors and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (a) errors, (b) fraudulent financial reporting, (c) misappropriation of assets, or (d) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the entity and its environment, including internal control sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Management Responsibilities

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (a) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (b) additional information that we may request for the purpose of the audit, and (c) unrestricted access to persons within the Company from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the Company involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Company received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Company complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

Except as stated otherwise herein above, CohnReznick shall not have responsibility for prevention and detection of fraud, and CohnReznick's services cannot be relied upon to detect fraud, defalcations or other irregularities. Because of the characteristics of fraud, particularly those involving concealment through collusion, falsified documentation and management's ability to override controls, an audit designed and executed in accordance with auditing standards generally accepted in the United States may not detect a material fraud. CohnReznick expressly disclaims any responsibility for detecting fraud affecting the Company and the Company releases CohnReznick from any liability for failure to detect fraud. If the Company needs assistance in this area, CohnReznick can refer the Company to others who specialize in fraud detection and investigations, and who can provide such services pursuant to a separate engagement setting forth the agreed upon scope of such services.

You agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

Michael J. Good, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

To ensure that CohnReznick's independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

We estimate that our fee for these services will be \$29,000 (the "Fee"). The Fee shall be payable to us as follows:

- (a) \$10,000 shall be payable on or before August 31, 2016;
- (b) \$10,000 shall be payable on or before September 30, 2016 and
- (c) The remainder shall be payable on or before October 31, 2016.

In the event any payment set forth above is not received on or before the date indicated, CohnReznick shall have the right to terminate this Agreement or suspend the services until such payment is received by CohnReznick. The Company will also be invoiced for out-of-pocket costs. At the conclusion of the engagement, you will be billed for any time incurred that is out of scope of the original fee estimate.

The Fee is based on anticipated cooperation from the Company's personnel and the assumption that unexpected circumstances will not be encountered during this engagement. In the event any circumstances

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arise which cause the actual time incurred to exceed the Fee, you shall be separately invoiced for the additional time expended by CohnReznick.

This Agreement does not constitute an engagement to perform any services other than those specified in this Agreement, and only for the entities referred to as Company herein. Should additional services be requested, we will separately agree to the terms of the engagement by means of an addendum to this Agreement or a separate engagement letter.

The audited financial statements and our report thereon should not be provided or otherwise made available to recipients of any document to be used in connection with the sale of securities (including securities offering on the Internet) without first obtaining our written consent.

Management authorizes CohnReznick to post any draft and final versions of its financial statements and other related engagement documents to the CohnReznick Portals in order to facilitate management's access to these documents. The Portal site is intended solely to accommodate the Company (and the Company alone will be given access to the Portal site). The Company is not authorized to grant access to the Portal site to any third party.

In addition, the terms set forth on the attached Addendum are expressly incorporated herein.

By your execution of this Agreement, the undersigned represent and warrant that he or she is authorized on behalf of the Company to bind and are in fact binding the Company to the terms and conditions of this Agreement.

We appreciate the opportunity to be of service to you. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this Agreement, please sign the enclosed copy and return it to us.

Very truly yours,




Michael J. Good, CPA
Partner

MJG:dm

Attachments: General Terms and Conditions
Addendum

AGREED TO AND ACCEPTED BY:

By: 
Authorized signature

Print Name: WILLIAM H. SAULS

Title: TREASURER

Date: 08/19/16

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Communications: You acknowledge that as a condition of CohnReznick's engagement, you agree to the best of your knowledge and belief to be truthful, accurate, and complete in making representations to CohnReznick during the course of its engagement and in any written representations that may be required at the conclusion of the engagement.

Payment Terms: Unless otherwise agreed to herein, you agree to pay CohnReznick fees for its services based upon the time expended in performing the services at CohnReznick's hourly rates in effect from time to time plus out-of-pocket costs and certain ancillary charges. Invoices that are not paid in full within thirty (30) days after receipt of the invoices shall be subject to interest of 1% per month (12% annual percentage rate), computed from the date of the invoice until paid.

Notwithstanding any other provision in this Agreement to the contrary, in the event the fee for the engagement is payable pursuant to a payment schedule, the final payment shall be due upon substantial completion of the services provided the delay in completing the engagement is caused by you or your personnel.

You also agree to reimburse CohnReznick for reasonable costs and attorney fees incurred by CohnReznick should it prevail in proceedings to collect fees due from you to CohnReznick.

Use of Third Parties: CohnReznick may from time-to-time use third-party service providers, affiliated entities and/or individual contractors (collectively referred to as "service providers") in serving your account which may require the sharing of your information with the service provider. Generally, CohnReznick will only use service providers on a very limited basis. CohnReznick will secure confidentiality agreements with all service providers to maintain the confidentiality of your information. In the event that CohnReznick

is unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the service provider. Furthermore, CohnReznick will remain responsible for any work provided by any such service providers.

Work Paper Retention: Every effort will be made to return your original documents to you upon the completion of the engagement. CohnReznick's working papers and all other file materials including your documentation are maintained in accordance with its document retention policies. It is your responsibility to retain records to comply with applicable statutes and regulations. CohnReznick's records and files are its property and are not a substitute for your own records. You agree that CohnReznick shall not be liable to you for the destruction of CohnReznick's files or your documentation consistent with its policies, including destruction of any original documents you may have provided to CohnReznick.

Third-Party Requests: In the event CohnReznick is requested by you to provide information related to the services to you, or required pursuant to law, regulation, subpoena or applicable professional standards and/or rules to produce information or its personnel as witnesses with respect to the services, you shall reimburse CohnReznick for any professional time and expenses (including legal fees) incurred to respond to the request, provided CohnReznick is not a party to the proceeding or the subject of the investigation in which the information is sought. CohnReznick shall, to the extent legally permissible, notify you promptly of any such request unless such request is made pursuant to regulatory oversight applicable to CohnReznick.

Tax Return Preparation: The audited financial statements with certain adjustments are the basis for the numbers used in your tax return; therefore

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CohnReznick is requesting consent to disclose your information.

Accordingly, CohnReznick will disclose all of your tax return information, which includes the information supplied to it to perform the audit, to its preparer located outside the United States, CohnReznick Professional Services PVT Ltd., that will assist with the services CohnReznick provides to you including the preparation of your tax returns. You have the right to limit your consent to specific information, not just authorize disclosure of all of your tax return information. By executing and dating this Agreement, the Company authorizes CohnReznick to disclose the Company's tax return information related to the current tax year and any prior tax years to CohnReznick's preparer located outside the United States for purposes of assisting with the services it provides to you including the preparation and/or processing of your returns. The Company's consent will be valid for four years.

Non-Solicitation: Professional standards require CohnReznick to be independent in performance of certain services. Any discussions that you have with personnel of CohnReznick regarding employment could pose a threat to our independence. During the term of this Agreement and for a period of one year thereafter, you agree, except with CohnReznick's express written consent, not to solicit (except by means of a general press solicitation not targeted to any individual employee or group of employees for employment or any consulting or other relationship substantially equivalent to employment), entice, hire, employ or seek to employ any of CohnReznick's employees.

Confidentiality: CohnReznick agrees to maintain in trust and confidence, and not to use any confidential information received from you except to perform the services provided for in this Agreement. In addition, CohnReznick agrees not to disclose any confidential information received from you to

any third party except (a) as permitted in this Agreement including but not limited to the Use of Third Parties and Third Party Requests sections of the General Terms and Conditions or (b) with your prior written consent.

Limitations: You agree that CohnReznick's and its personnel's maximum liability to you and your personnel for any errors or omissions (including negligent errors and omissions) committed by CohnReznick and/or its personnel arising out of or related to this Agreement or the services will be limited to the amount actually paid for the services. This limitation shall not apply to the extent it is determined that the loss was caused by CohnReznick's gross negligence or willful misconduct.

Except for the indemnification obligation set forth herein, in no event shall either party be liable to the other party or its personnel for any consequential, incidental, indirect, punitive or special damages, including any amount for loss of profit, data or goodwill, whether or not the likelihood of such loss or damage was contemplated.

You agree that in no event shall any action or claim, regardless of its form, arising out of or related to this Agreement or the services be brought after the earlier of (a) 12 months after discovery of facts giving rise to any such alleged claim; or (b) two years after the completion of the particular services giving rise to the action or claim. Any action or claim not brought within that time period shall be barred without regard to any other limitations period set forth by law or statute.

You shall indemnify and hold harmless CohnReznick and its personnel from and against all claims by third parties and resulting damages, liabilities or losses (including costs and legal fees) arising out of or related to this Agreement or the services. The preceding sentence shall not apply to the extent it is determined that the

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loss was caused by CohnReznick's gross negligence or willful misconduct.

Electronic Signatures and Transmissions:

This Agreement may be transmitted in electronic format and shall not be denied legal effect because it was formed or transmitted, in whole or in part, by electronic means. An electronic, digital or electronically transmitted signature (collectively, "Electronic Signature") will be deemed an acceptable original for purposes of consummating this Agreement and binding the party providing such Electronic Signature.

Choice of Law: This Agreement, and any claims, matters or obligations arising out of or related to this Agreement or the services, including, but not limited to, claims arising in contract, tort, fraud, under statute or otherwise, shall be governed by and construed in accordance with the laws of the State of New York as if this Agreement was entered into, and was to be entirely performed within, the State of New York without giving any effect to any contrary choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction).

Dispute Resolution: Any dispute, controversy, or claim arising out of or relating to the services or the performance or breach of this Agreement (including disputes regarding the termination, validity or enforceability of this Agreement) or any prior services or agreements between the parties shall be finally resolved by arbitration in accordance with the International Institute for Conflict Prevention and Resolution ("IICPR") Rules for Non-Administered Arbitrations by a panel of three arbitrators, one chosen by each party, and the third selected by the two party-selected arbitrators. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq., and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The arbitration hearings will take

place in New York, New York unless the parties agree to a different locale.

The arbitration panel shall have no authority to award non-monetary or equitable relief, and any monetary award shall not include punitive damages or damages that are inconsistent with those damages allowed under this Agreement.

In the event it is necessary to confirm the arbitration award in court, the costs of such confirmation proceedings, including attorneys' fees, incurred by the party seeking confirmation shall be borne entirely by the party against whom enforcement is sought.

Such arbitration shall be binding and final. In agreeing to arbitration, the parties acknowledge that in the event of any dispute (including a dispute over fees) the parties are giving up the right to have the dispute decided in a court of law before a judge or jury and instead the parties are accepting the use of arbitration for resolution.

Miscellaneous: Either party may terminate this Agreement, or the services, upon 30 days' prior written notice to the other. CohnReznick may terminate this Agreement, or the services, immediately upon written notice to you (a) if CohnReznick determines in its professional judgment that it is unable to complete the services in accordance with applicable law or professional standards and/or obligations, or due to unexpected circumstances, (b) for reasonable cause (including failure to provide the information or cooperation necessary for successful performance of the services), or (c) if your account becomes 30 days or more overdue.

The services will be deemed to be completed upon written notification of termination (regardless of the extent of services performed as of the notification date). You will be obligated to compensate CohnReznick for the time expended and to

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reimburse CohnReznick for all expenses and out-of-pocket costs incurred up to and including the date of termination of this Agreement or the services.

The provisions of this Agreement that give either of the parties' rights or obligations beyond its termination shall survive termination of this Agreement.

This Agreement is the complete and exclusive statement of agreement between the parties, and replaces and supersedes all proposals, communications and agreements between the parties, whether written or oral, related to the subject matter and time periods referenced in this Agreement, including any prior agreement CohnReznick may have entered into related to the confidentiality of information provided by you to CohnReznick.

In the event that any provision of this Agreement is found to be invalid, then such provision will be modified to reflect the parties' intention as closely as possible without being unenforceable. All remaining provisions of this Agreement shall remain in full force and effect.

ADDENDUM

INSURANCE REQUIREMENTS. Prior to the Commencement Date, Contractor shall furnish DSDP with a certificate(s) of insurance and the endorsements specified below, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth below. Contractor agrees to provide to The City of San Diego and its respective elected officials, officers, employees, agents and representatives the same protection as afforded to DSDP.

(1) Commercial General Liability. Commercial General Liability (CGL) insurance written on a current version of the ISO Occurrence form CG 00 01 or an equivalent form providing coverage at least as broad which shall cover liability arising from any and all bodily injury, personal injury, advertising injury or property damage in the amount of \$1 million per occurrence and subject to an annual aggregate of \$2 million. There shall be no endorsement or modification of the CGL limiting the scope of coverage for either insured claims or contractual liability. All defense costs shall be outside the limits of the policy.

(2) Commercial Automobile Liability. For all of Contractor's automobiles including owned, hired and non-owned automobiles, Contractor shall keep in full force and effect, automobile insurance written on a current version of the ISO form CA 00 01 or an equivalent form providing coverage at least as broad for bodily injury and property damage for a combined single limit of \$1 million per occurrence. The insurance certificate shall reflect coverage for any automobile (any auto).

(3) Workers' Compensation. For all of Contractor's employees who are subject to this Agreement and to the extent required by the applicable state or federal law, Contractor shall keep in full force and effect, a Workers' Compensation policy. That policy shall provide a minimum of \$1 million of employer's liability coverage, and Contractor shall provide an endorsement that the insurer waives the right of subrogation against DSDP and the City and its respective elected officials, officers, employees, agents, and representatives, except if prohibited by law.

(A) Deductibles. All deductibles or retentions on any policy shall be the sole responsibility of Contractor and shall be disclosed to DSDP at the time the evidence of insurance is provided.

(B) Acceptability of Insurers. Except for the State Compensation Insurance Fund, all insurance required by this Agreement, shall only be carried by insurance companies with a current rating of at least "A-, VI" by A.M. Best Company that are authorized by the California Insurance Commissioner to do business in the State of California, and that have been approved by DSDP. DSDP will accept insurance provided by non-admitted, "surplus lines" carriers only if the carrier is authorized to do business in the State of California and is included on the List of Approved Surplus Lines Insurers (LASLI list). All policies of insurance

carried by non-admitted carriers are subject to all of the requirements for policies of insurance provided by admitted carriers described herein.

(C) Required Endorsements. The following endorsements to the policies of insurance are required to be provided to DSDP before any performance is initiated under this Agreement.

(1) Commercial General Liability Insurance Endorsements.

Additional Insured. To the fullest extent allowed by law, including but not limited to California Insurance Code section 11580.04, the policy or policies must include as an additional insured using current versions of ISO additional insured endorsements CG 20 10 and CG 20 37 (completed operations) or their equivalents, the DSDP and the City of San Diego and its respective elected officials, officers, employees, agents and representatives with respect to liability arising out of (a) ongoing operations performed by you or on your behalf, (b) your products, (c) your work, including but not limited to your completed operations performed by you or on your behalf, or (d) premises owned, leased, controlled or used by you.

Primary and Non-contributory Coverage. The policy or policies must provide that the insurance afforded by the Commercial General Liability policy or policies is primary to any insurance or self-insurance of DSDP and the City, its elected officials, officers, employees, agents and representatives as respects operations of the Named Insured.

Severability of Interest. The policy or policies must be endorsed to provide that Contractor'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 and shall provide cross-liability coverage.

(2) Automobile Liability Insurance Endorsements

Additional Insured. To the fullest extent allowed by law, including but not limited to California Insurance Code section 11580.04, the policy or policies must include as an Insured DSDP and the City and its respective elected officials, officers, employees, agents and representatives with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of Contractor. DSDP and the City is an additional named insured and insurer waives the right of subrogation against the DSDP and the City and its respective elected officials, officers, employees, agents and representatives.

Primary and Non-contributory Coverage. The policy or policies must provide that the insurance afforded by the Automobile Liability policy or policies is primary to any insurance or self-insurance of DSDP and the City, its elected officials, officers, employees, agents and representatives as respects operations of the Named Insured.

Severability of Interest. The policy or policies must provide that Contractor'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 and shall provide cross-liability coverage.

(3) Worker's Compensation Insurance Endorsements.

Waiver of Subrogation. Except as prohibited by law, the Worker's Compensation policy or policies must provide that the insurer will waive all rights of subrogation against DSDP and the City, its elected officials, officers, employees, agents and representatives for losses paid under the terms of this policy or these policies which arise from work performed by the Named Insured for DSDP and the City.

- (A) Reservation of Rights. DSDP and the City reserves the right, from time to time, to review Contractor's insurance coverage, limits, deductible, and self-insured retentions to determine if they are acceptable to DSDP and the City.
- (B) Additional Insurance. Contractor may obtain additional insurance not required by this Agreement.
- (C) Excess Insurance. All policies providing excess coverage to City shall follow the form of the primary policy or policies including but not limited to all endorsements.

LIVING WAGE: The Contractor must comply with the City of San Diego Living Wage ordinance. If it is determined that the Contractor is not comply with living wage, any fees, costs or penalties associated with noncompliance will be paid for by Contractor. Contractor shall provide payroll reports for all employees working on the contract showing compliance with Living Wage requirements. Confidential employee information may be redacted. You may visit the following links for specific requirements.
<http://www.sandiego.gov/purchasing/programs/livingwage/>.

PREVAILING WAGE: Prevailing Wages. Pursuant to SDMC section 22.3019, construction, alteration, demolition, repair, and maintenance work performed under this Agreement is subject to State prevailing wage laws. For construction work performed under this Agreement cumulatively exceeding \$25,000 and for alteration, demolition, repair and maintenance work performed under this Agreement cumulatively exceeding \$15,000, the Contractor and its subcontractors shall comply with State prevailing wage laws including, but not limited to, the requirements listed below. This requirement is in addition to the requirement to pay Living Wage pursuant to SDMC sections 22.4201 through 22.4245. Contractor must determine which per diem rate is highest for each classification of work (i.e. Prevailing Wage Rate or Living Wage Rate), and pay the highest of the two rates to their employees. Living Wage applies to workers who are not subject to Prevailing Wage Rates.

1. Compliance with Prevailing Wage Requirements. Pursuant to California Labor Code (Labor Code) sections 1720 through 1861, Contractor and its subcontractors shall ensure that all workers who perform work under this Agreement are paid not less than the prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations (DIR). This includes work performed during the design and preconstruction phases of construction including, but not limited to, inspection and land surveying work.

- (a) Copies of such prevailing rate of per diem wages are on file at the City and are available for inspection to any interested party on request. Copies of the prevailing rate of per diem wages also may be found at <http://www.dir.ca.gov/OPRL/DPreWageDetermination.htm>.

Contractor and its subcontractors shall post a copy of the prevailing rate of per diem wages determination at each job site and shall make them available to any interested party upon request.

- (b) The wage rates determined by the DIR refer to expiration dates. If the published wage rate does not refer to a predetermined wage rate to be paid after the expiration date, then the published rate of wage shall be in effect for the life of this Contract. If the published wage rate refers to a predetermined wage rate to become effective upon expiration of the published wage rate and the predetermined wage rate is on file with the DIR, such predetermined wage rate shall become effective on the date following the expiration date and shall apply to this Agreement in the same manner as if it had been published in said publication. If the predetermined wage rate refers to one or more additional expiration dates with additional predetermined wage rates, which expiration dates occur during the life of this Agreement, each successive predetermined wage rate shall apply to this Agreement on the date following the expiration date of the previous wage rate. If the last of such predetermined wage rates expires during the life of this Agreement, such wage rate shall apply to the balance of the Contract.

2. Penalties for Violations. Contractor and its subcontractors shall comply with Labor Code section 1775 in the event a worker is paid less than the prevailing wage rate for the work or craft in which the worker is employed.

3. Payroll Records. Contractor and its subcontractors shall comply with Labor Code section 1776, which generally requires keeping accurate payroll records, verifying and certifying payroll records, and making them available for inspection. Contractor shall require its subcontractors to also comply with section 1776. Contractor and its subcontractors shall submit weekly certified payroll records online via the City's web-based Labor Compliance Program. Contractor is

responsible for ensuring its subcontractors submit certified payroll records to the City.

4. Apprentices. Contractor and its subcontractors shall comply with Labor Code sections 1777.5, 1777.6, and 1777.7 concerning the employment and wages of apprentices. Contractor shall be held responsible for the compliance of their subcontractors with sections 1777.5, 1777.6 and 1777.7.

5. Working Hours. Contractor and subcontractors shall comply with Labor Code sections 1810 through 1815 including but not limited to: (i) restrict working hours on public works contracts to eight hours a day and forty hours a week, unless all hours worked in excess of 8 hours per day are compensated at not less than 1½ times the basic rate of pay; and (ii) specify penalties to be imposed on design professionals and subcontractors of \$25 per worker per day for each day the worker works more than 8 hours per day and 40 hours per week in violation of Labor Code sections 1810 through 1815.

6. Required Provisions for Subcontracts. Contractor shall include at a minimum a copy of the following provisions in any contract they enter into with a subcontractor: Labor Code sections 1771, 1775, 1776, 1777.5, 1810, 1813, 1815, 1860 and 1861.

7. Labor Code Section 1861 Certification. Contractor, in accordance with Labor Code section 3700, is required to secure the payment of compensation of its employees and by signing this Agreement, Contractor certifies that "I am aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this agreement."

8. Labor Compliance Program. The City has its own Labor Compliance Program authorized in August 2011 by the DIR. The City will withhold contract payments when payroll records are delinquent or deemed inadequate by the City or other governmental entity, or it has been established after investigation by the City or other governmental entity that underpayment(s) have occurred. For questions or assistance, please contact the Equal Opportunity Contracting Department at 619-236-6000.

- (c) Higher Wage Rate Applies. Contractor is required to pay the highest applicable wage rate where more than one wage rate applies.