



Lower Rio Grande Public Water Works Authority
Sign In Sheet Page 1 of 2

Date: 2-21-18

Time: 9:30

Places: La Mesa Office

Event: Board Meeting

Signature	Print Name, Title, Company or Agency Represented	Contact Information	Email Address
<i>P Charles</i>	LRG	575-233-5742	
<i>Karen Nichols</i>	Karen Nichols, PM LRG PWWA	915 203 2057	Patty.charles@lrgauthority.org karen.nichols@lrgauthority.org
<i>Mike McQuillen</i>	MIKE MCQUILLEN LRG PWWA	970 302 9852	
<i>Jose E. Ame</i>	JOSE E. AME LRG PWWA	575 618 0182	
<i>Furman Smith</i>	FURMAN SMITH LRG PWWA	382 5982	SAME
<i>Kathi Jackson</i>	KATHI JACKSON Finance Manager LRG PWWA	640-4330	same
<i>Espy Hidalgo</i>	Espy Hidalgo LRG	575-644-9543	Espy@D.com
<i>Gabriel Villanueva</i>	Gabriel Villanueva	575-405-1437	gvillanueva@vencorllc.com
<i>Jesus Reyes</i>	LRG	575-528-9820	chuygrr2555@hotmail.com
<i>Humberto</i>	HUMBERTO LRG PWWA	575-644-3762	-
<i>Martin Lopez</i>	MARTIN LOPEZ LRG PWWA	575-680-0542	hentorm2@del
<i>Martin Lopez</i>	MARTIN LOPEZ LRG PWWA	575 571-3628	martin.lopez@lrgauthority.org

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

Draft Minutes—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, February 21, 2018 at our La Mesa Office, 521 St. Valentine, La Mesa, NM

Agendas are final 72 hours prior to the meeting and may be obtained at any LRGPWWA Office—call 575-233-5742 for information

- I. **Call to Order, Roll Call to Establish Quorum:** Chairman Mike McMullin called the meeting to order at 9:30 a.m. and called roll. Mr. Raymundo Sanchez representing District #1, was absent, District #2 is vacant, Mr. Joe Evaro representing District #3, was present, Mrs. Esperanza Holguin representing District #4, was present, Mr. Henry Magallanez representing District #5, was absent, Mr. Mike McMullen representing District #6, was present, Mr. Furman Smith representing District #7, was present. Staff members present were General Manager Martin Lopez, Project Manager Karen Nichols, Finance Manager Kathi Jackson, Operations Manager Mike Lopez, Projects Specialist Patricia Charles and Operator Jesus Reyes. Guests present were Gabriel Villanueva from Vencor Engineering, Henry Torres and Stanley Hill from High Valley MDWCA.
- II. **Pledge of Allegiance:** Mr. McMullen led the pledge of Allegiance
- III. **Motion to approve Agenda:** Mr. Smith made the motion to approve the agenda with item VIII A postponed. Mrs. Holguin seconded the motion. The motion passed with all in favor.
- IV. **Motion to approve the minutes of the January 17, 2018 Regular Board Meeting:** Mr. Smith made the motion to approve the January 17, 2018 minutes and Mrs. Holguin seconded the motion. The motion passed with all in favor.
- V. **Employee Recognition:** Mr. Lopez wanted to recognize two employees for their service with LRGPWWA. Mr. Lopez informed the Board that, Clerk Mary Berry was unable to attend the meeting due to having to have the office open because of disconnections. Operator Jesus Reyes was in attendance and was presented with a plaque for 5 years of service.
 - A. **Mary Berry – Five Years of Service**
 - B. **Jesus “Chuy” Reyes – Five Years of Service**
- VI. **Public Input:** none
- VII. **Managers’ Reports:**
 - A. **General Manager:** Mr. Lopez provided a written report and stood for questions. He indicated that he received an unsolicited real estate offer for the Mesquite Wetlands Site for \$8,008.00 but DAC has it valued at \$140,000.00. He said he would not respond to the offer. He granted permission to access LRGPWWA property site Well #1 for surveying. An Amazon business account has been opened. Finance staff is working on possible cost savings with EPE and Verizon. Direct deposit has been increased to \$35,000.00 due to the taxes. Mr. Lopez requested an increase on the limit on his company credit card, he also requested a credit card for Ms. Nichols to use on business trips. He authorized purchase of equipment for HIDTA, LRGPWWA will be reimbursed and earns a 3% fee on purchases. The transfer of LRGPWWA 401K will provide a cost savings of approximately \$5,800.00 and the investment options will stay the same. He informed the board that there is money for the Ohara Project which will consist of sidewalks, lights and a bike lane, it will run from Anthony Drive to the freeway on and off ramps.
 - B. **Projects:** Ms. Nichols provided a written report and asked Mr. Lopez to stand for questions due to the loss of her voice. Mr. Lopez informed the board that the board had approved a \$10,000.00 for out of pocket funds to complete the Veterans Project. The project is complete and only \$800.00 was used from the approved \$10,000.00. Mr. Smith asked how the Sewer project was going, Mr. Lopez told him that Phase I was almost complete. The third party left to sign for the lift station site has meet with the Engineers. Phase II – the application is in review in DC, waiting on the letter of conditions. The application will be for 8 million in grant money and 6 million in loan money. Central Office Building Project will be on the NMFA Board Agenda on February 28th. Ms. Nichols said they needed to attend that meeting. We received \$ 150,000 in funding from the Legislature for the line extension for Brazito area on Stern drive. Received \$50,000 in funding to complete the Veterans Road Project, to complete Jacquez Road which was not completed due to the easement problem. Mr. Lopez said he will be attending the Colonia’s meeting in Santa Fee on March 14th, 2018.

- C. **Operations:** Mr. Mike Lopez provided a written report and stood for questions. There was a slight increase in production for January 2018 at 31.42 million gallons compared to 29.72 million gallons for same time last year. Operations was issued 447 work and service orders. 10 work orders were issued for illegal connections. Mr. Smith asked if the illegal connections were in all areas and Mr. Mike Lopez said most of them were down south.
- D. **Finance:** Ms. Jackson told the board that we had spent a bit more than what was taken in, in January 2018. Because of three items 1. A loan was paid off for \$53,700.00 Mr. Lopez said it was for the last Colonia's money that Brazito received before merging with LRGPWWA. Ms. Nicolas indicated that it was for Service brackish water. 2. In Maintenance & Repair we show a credit of \$35,761.43 because of the two trucks purchased. One was purchased in December 2017 and one was purchased in January 2018. They were both posted in January 2018. 3. Dona Ana waste flow charge was for Oct-Dec and will be posted in February 2018. Ms. Jackson indicated that we are still under budget on expenses by 21% and below on revenues by 1%. She and Delmy had some training on Tyler on creating forms on the program.

VIII. Unfinished Business

- A. **Appointment of Director for District 2** – item was postponed

IX. New Business

- A. **Provide the board with the cost and plans available for Employee Disability Insurance:** Mr. Lopez reported that he had two quotes for disability insurance. 1. Short term disability would provide \$2,000.00 per month until age 70 at a cost of \$55.00 per month per person. 2. Short term disability would provide \$1,000.00 per month until age 70 at a cost of \$55.00 or for 5 years at a cost of \$45.00. This plan includes \$25,000.00 life insurance. He said the key is in the number of participants. There is one more quote pending. Ms. Jackson indicated that it would be about \$8,000.00 for everyone. Mrs. Holguin said most organizations the size of LRGPWWA do not offer this to their employees. She would like to see LRGPWWA provide this to the employees paid by the company. Mr. McMullin indicated that he agreed with Mrs. Holguin, as long as the company could afford it. Mr. Lopez said that the cost savings from moving the 401K to a different provider of about \$6,000.00 could be used to offset the cost of the disability insurance. Mr. Lopez mentioned that LRGPWWA has had 3 employees became disabled in the last 3 years. Mrs. Holguin made the motion to proceed with collecting more information regarding providing employee disability insurance, Mr. Smith seconded the motion. The Motion passed with all in favor.
- B. **Motion to award contract for LRGPWWA, US Highway 70 Bore Crossing, Line Repair to General Hydronics:** Mr. Lopez mentioned the packet that contains the document which lists all the contractors that bid for this job. He said the biggest expense is the Hwy Dept. because on the northern side of Hwy 70 the pipe daylights with their shoulder so they require traffic control from the east side. Ms. Nichols mentioned that some contractors did not bid for the job because they needed an extraordinarily large amount of jersey barriers. Mr. Smith made the motion to award LRGPWWA's contract for this project to General Hydronics, Mrs. Holguin seconded the motion. The motion passed with all in favor.
- C. **Motion to approve engineering agreement with Bohannon Huston, Inc. to update the PER for the S. Valley Water Supply & Treatment Project for submission to USDA-RD for funding application:** Ms. Nichols informed the board that she only provided the page with the amounts on it. The full contract was posted on the board members web page for review. Mr. Lopez said this was originally the Surface Water Project and turned into the Berino Well Project, because LRGPWWA was not selected for funding from the Water Trust Board and had to apply to USDA Rural Development. The original documentation had to be reformatted to meet the USDA RD requirements. He also mentioned that this money would be reimbursable. Mrs. Holguin made the motion to approve the engineering agreement with Bohannon Huston, Inc. to update the PER for the S. Valley Water Supply & Treatment Project, Mr. Smith seconded the motion. The motion passed with all in favor.
- D. **Motion to adopt proposed amendment to Member Customer Policy regarding Fire Flow Lines:** Mr. Lopez mentioned that the changes needed are on page 4 of 12. The proposed language specifies the need for a fire flow line. We need to meter the fire flow lines because this will help LRGPWWA know if the customer is using the line

for illegal purposes other than fire flow. This also helps us in the reporting within the Water Audits in the unbilled authorized use section of the report. For existing customers, it will help to identify the illegal use. If illegal use is found then the associated fees will have to be applied. Mrs. Holguin made the motion to adopt the proposed amendment to Member Customer Policy regarding Fire Flow Lines, Mr. Evaro seconded the motion. The motion passed with all in favor.

- E. Motion to adopt proposed amendment to Leak Adjustment Policy:** Mr. Smith requested that the customer valve be added to the diagram on the Water Leak Adjustment Policy. This will help clarify where the customers responsibility starts. Mr. Lopez requested the change to show the limit to increase from once every two years to once every three years. Mr. Smith made the motion to adopt the proposed amendment to Leak Adjustment Policy with the valve added to the diagram, Mrs. Holguin seconded the motion. The motion passed with all in favor.
- F. Motion to approve LRGPWWA FY-2017 Audit:** Ms. Jackson informed the board that every time a new auditor comes in, they typically always use a different format. The auditor decided to include HIDTA in this audit as part of LRGPWWA. Page 5 shows the Balance Sheet showing assets at 63 million compared to the first-year assets at 27 million. Liabilities made up 9 % and equity was at 91%. Page 6 shows the Income Statement shows HIDTA stuff. The budget was at 3 million we stayed within that budget and had no findings. Page 14 shows cash in bank and the break down is on page 15, page 16 shows the breakdown of Capital Assets. LRGPWWA was compliant in all areas. Ms. Jackson was able to clean up the conversion and now everything is updated. Mrs. Holguin made the motion to approve LRGPWWA FY-2017 Audit, Mr. Smith seconded the motion. The motion passed with all in favor.
- G. Motion to approve initiating a merger plan with High Valley MDWCA:** Mr. Lopez said that Ms. Jackson and Ms. Nichols meet with the High Valley board members and collected all the information need to make a decision. Ms. Jackson said, she looked at their financial documentation and would be ok with them coming on board. She said they have a loan of about \$5,000.00, money in bank is about \$1,700.00. She saw no risk in the financial department side. Mr. Nichols looked at all their documentation and audits. Which are posted on our website. They received a Colonia's award and is completed, which included the preparation of a PER. Sauder, Miller and Associates is finalizing their Asset Management Plan. Mr. Lopez said they have about 3 million in proposed system improvements-recommendations for the Preliminary Engineering Report. They have 25 connections, Mrs. Holguin asked if there was any potential for growth. Mr. Mike Lopez said there is no potential for growth. Mr. Smith asked what the next steps are after approving the initial merger, Mr. Lopez said there are procedures to follow for the merger. He said the prices would decrease a bit once merger with LRGPWWA. Mr. Lopez would like to request that one of their board members become a board member with LRGPWWA. Ms. Nichols said that because we have a vacancy on our board. LRGPWWA board can assign one of them to our board. Mr. Smith made the motion to approve initiating a merger plan with High Valley MDWCA, Mrs. Holguin seconded the motion. The motion passed with all in favor.

X. Other discussion and agenda items for next meeting at 9:30 a.m. Wednesday, March 21, 2018 at the Vado Office

- A. Have any Board Members participated in training? If so, please give us a copy of your certificate:** No one had any certificates to turn in.
- B.** Mr. Lopez requested there be a Disposition Committee Meeting 15 minutes before the Wednesday, March 21, 2018 meeting. The ford range is no longer in service and needs to be removed.

- XI. Adjourn:** Mrs. Holguin made the motion to adjourn the meeting at 10:24 a.m., Mr. Smith seconded the motion. The motion passed with all in favor.

Minutes approved March 21, 2018

Michael McMullen, Chairman (District 6)

Furman Smith, Vice-Chairman (District 7)

Esperanza Holguin, Secretary (District 4)

ABSENT
Raymundo Sanchez, Director (District 1)

Joe Evaro, Director (District 3)

Henry Magallanez, Director (District 5)

VACANT
Director (District 2)

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

Meeting Notice & Agenda—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, February 21, 2018 at our La Mesa Office, 521 St. Valentine, La Mesa, NM

Agendas are final 72 hours prior to the meeting and may be obtained at any LRGPWWA Office—call 575-233-5742 for information

- I. Call to Order, Roll Call to Establish Quorum: District #1 (Mr. Sanchez) ____, #2 (Vacant) ____, #3 (Mr. Evaro) ____, #4 (Mrs. Holguin) ____, #5 (Mr. Magallanez) ____, #6 (Mr. McMullen) ____, #7 (Mr. Smith) ____
- II. Pledge of Allegiance
- III. Motion to approve Agenda (VIII A. may be postponed)
- IV. Motion to approve the minutes of the January 17, 2018 Regular Board Meeting.
- V. Employee Recognition:
 - A. Mary Berry – Five Years of Service
 - B. Jesus “Chuy” Reyes – Five Years of Service
- VI. Public Input—15 minutes are allotted for this item, 3 minutes per person
- VII. Managers’ Reports
 - A. General Manager
 - B. Projects
 - C. Operations
 - D. Finance
- VIII. Unfinished Business
 - A. Appointment of Director for District 2 – this item may be postponed
- IX. New Business
 - A. Provide the board with the cost and plans available for Employee Disability Insurance
 - B. Motion to award contract for LRGPWWA, US Highway 70 Bore Crossing, Line Repair to General Hydronics
 - C. Motion to approve engineering agreement with Bohannon Huston, Inc. to update the PER for the S. Valley Water Supply & Treatment Project for submission to USDA-RD for funding application
 - D. Motion to adopt proposed amendment to Member Customer Policy regarding Fire Flow Lines
 - E. Motion to adopt proposed amendment to Leak Adjustment Policy
 - F. Motion to approve LRGPWWA FY-2017 Audit
 - G. Motion to approve initiating a merger plan with High Valley MDWCA
- X. Other discussion and agenda items for next meeting at 9:30 a.m. Wednesday, March 21, 2018 at the Vado Office
 - A. Have any Board Members participated in training? If so, please give us a copy of your certificate

XI. Adjourn

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aide or service to attend or participate in the hearing or meeting, please contact the LRGPWWA office at 575-233-5742, PO Box 2646, Anthony NM 88021 OR 215 Bryant St., Mesquite NM at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the LRGPWWA office if a summary or other type of accessible format is needed.

Si usted es una persona con una discapacidad que necesita un lector, amplificador, intérprete de lenguaje de signos o cualquier otra forma de ayudante auxiliar o servicio para asistir o participar en la audiencia o reunión, póngase en contacto con la oficina de LRGPWWA, 575-233-5742, PO Box 2646, Anthony, NM 88021 o 215 Bryant St., Mesquite, NM por lo menos una semana antes de la reunión o tan pronto como sea posible. documentos públicos, incluyendo el orden del día y actas, pueden proporcionarse en diferentes formatos accesibles. Póngase en contacto con la oficina LRGPWWA si es necesario un resumen u otro tipo de formato accesible.

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

Draft Minutes—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, January 17, 2018 at our La Mesa Office, 521 St. Valentine, La Mesa, NM

Agendas are final 72 hours prior to the meeting and may be obtained at any LRGPWWA Office—call 575-233-5742 for information

- I. **Call to Order, Roll Call to Establish Quorum:** Chair Mike McMullin called the meeting to order at 9:34 a.m. and called roll. Mr. Raymundo Sanchez representing District #1 was absent, District #2 is vacant, Mr. Joe Evaro representing District #3 was present, Mrs. Esperanza Holguin representing District #4 was present, Mr. Henry Magallanez representing District #5 was present, Mr. Mike McMullen representing District #6 was present, Mr. Furman Smith representing District #7 was present. Staff members present were General Manager Martin Lopez, Projects Manager Karen Nichols, Finance Manager Kathi Jackson, Operations Manager Mike Lopez and Projects Specialist Patricia Charles. Guests present were Tiffany Goolsby from SCCOG, Henry Torres, Jr. Board Secretary for High Valley Mutual Domestic Water Consumers Association.
- II. **Pledge of Allegiance:** Mr. McMullen led the pledge of Allegiance.
- III. **Motion to approve Agenda:** Mr. Smith made the motion to approve the agenda with item VIII A. postponed and items IX. F, G & H to follow V. Mr. Evaro seconded the motion. The motion passed with all in favor.
- IV. **Motion to approve the minutes of the December 13, 2017 Regular Board Meeting:** Mr. Smith made the motion to approve the December 13, 2017 minutes and Mr. Evaro seconded the motion. The motion passed with all in favor.
- V. **Guest Presentations:** Tiffany Goolsby, SCCOG – Presented the results of the Report from the CDBG Public Hearing. Mrs. Goolsby reported that she had a public hearing on January 9, 2018 and had several people attend the hearing. She reported that Mr. Jesus Carrasco, Jr. a fire fighter for 9 years said he recently saw a fire and would like communities to be better prepared with infrastructure, which will help fire fighters fight fires. He wanted to propose an extension to Land Mark Mercantile. Also wanted to propose commercial extension projects in the same area, which would help fire fighters. Mr. Robert Brooks is concerned that sewer lines will be installed around his home but not to his home. Mr. Lopez indicated that the public hearing was for a CDBG project in the works. It is for either 1. Line extension along Stern Drive for fire flow for the existing commercial businesses and for future potential commercial businesses. 2. Install sewer lines extensions to CD Farms and Vado area. Mr. Lopez wants the board to consider planning funds for the Water Master Plan to determine where best to setup wells and tanks. The plan has been 2/3 funded but still lacking about \$100,000.00 to complete. The reason for the increase is because we will be including the East Mesa and Valle Del Rio.
- VI. **Public Input:** None
- VII. **Managers' Reports:**
 - A. **General Manager:** Mr. Lopez provided a written report and stood for questions. HIDTA Semi-Annual certification is pending. State Land Office annual lease for Organ property is pending. Worker's Compensation fee-annual safety inspection on-site visit has been completed, Mr. Gutierrez is working on the self-assessment on all LRGPWWA locations. Two new vehicles (Chevy Tahoe and Silverado) have been picked up the other two trucks are pending. 2017 Staff evaluations are nearly completed only pending one. Mr. Lopez will not attend the Colonia's Day in Santa Fe on January 23, 2018, Mrs. Holguin, Ms. Charles, Ms. Nichols will be attending and possibly Ms. Jackson. Mr. Lopez will not be attending because he has to attend training for recertification. Mr. Lopez is going to research the requirements for possibly entering into a Franchise Agreement with EBID. The purpose would be to possibly pay one annual fee instead of paying for individual permits.
 - B. **Projects:** Ms. Nichols provided a written report and stood for questions. Brazito Sewer Project is almost ready for RD review. We are waiting on one property to be cleared. Brazito Sewer Project 2 – RD is reviewing the application and should hear something soon. Bohannon Huston is finalizing the PER for the Well Project to submit to RD then we will be able to submit an application. Central Office Building, she spoke to Finance Authority they had their internal staff meeting regarding the application. They had some recommendations; the board will not

meet in January 2018. The project will be on NMFA's February 2018 agenda, so Ms. Nichols and Mr. Lopez will have to attend that meeting. Valle De Rio Project, a preconstruction meeting will be held on January 30, 2018. Construction will start the first or second week of February 2018. Waterline Extension Project is substantial completed. Working on the final change order to incorporate some additional work.

- C. **Operations:** Mr. Mike Lopez provided a written report and stood for questions. Mr. Mike Lopez mentioned that the service calls afterhours have been pretty slow, therefore the overtime hours have also been low.
- D. **Finance:** Ms. Jackson provided a written report and stood for questions. Ms. Jackson submitted the November 2017, Income Statement via the Board Member web page. She indicated that some money was put in reserve from Operations. The credit card CD is being released as collateral for company credit card. The funds will be moved to the reserve account, instead of renewing the CD. Purchases have been made a truck for operations and SUV for GM, backhoe repairs and two more trucks for operations. She included the December 2017 Balance Sheet but will not go over it.

VIII. Unfinished Business

- A. **Appointment of Director for District 2:** – this item was postponed

IX. New Business

- A. **Motion to approve Resolution #FY2018-09 Approving Fund Increase and Extension Amendment for the Drinking Water Loan NO. DW-3394:** Mr. Lopez indicated that the additional funding requested is to complete the Valle Del Rio project. Original loan amount was \$1,197,708.00 but need an additional \$151,500.00. Mrs. Holguin made the motion to approve Resolution #FY2018-09 approving fund increase and extension amendment for the Drinking Water Loan. Mr. Magallanez seconded the motion. The motion passed with all in favor.
- B. **Letter from High Valley MDWCA: Motion to authorize staff to research merger with High Valley MDWCA:** Mr. Lopez mentioned that there was a letter requesting the merger of High Valley MDWCA with LRGPWVA. Mr. Henry Torres is in attendance in case of questions. Mr. Magallanez asked if there would be any changes to the Board member structure. Mr. Lopez indicated that there would be an addition possibly depending on which district they are added to. The redistricting occurs every 2 years. Mr. Magallanez asked if the current board would be able to assign someone from the High Valley board of directors to join LRGPWVA's board of directors, Mr. Lopez said LRGPWVA Board could definitely do that. Mr. Smith made the motion to authorize staff to research a merger with High Valley MDWCA, Mrs. Holguin seconded the motion. The motion passed with all in favor.
- C. **Motion to approve Disposition Committee Recommendation for equipment and vehicle:** Mr. Lopez indicated that the Disposition Committee was supplied with a vehicle and equipment list, listing the items that are no longer in usable condition. The Disposition Committee has approved disposing of Ford Pickup and the equipment. Mr. Smith made the motion to approve the disposition of Ford Pickup and equipment, with the 2000 New Holland Backhoe model# 757E valued by the board of directors at less than \$5,000.00 due to broken boom, Mr. Evaro seconded the motion. The motion passed with all in favor.
- D. **Provide the board with the cost and plans available for Employee Disability Insurance:** Mr. Lopez requested that this item be postponed because all the information was not complete. Mrs. Holguin made the motion to postpone this item, Mr. Evaro seconded the motion. The motion passed with all in favor.
- E. **Motion to approve amendment to the Schedule of Rates & Fees:** Mr. Lopez asked for the modification under Penalty & Other Fees on page 3/5. Change from "after" to "outside of" normal business hours. So, customers that call before normal business hours will not be charged a fee. Ms. Holguin made the motion to approve the amendment to the Schedule of Rates & Fees, Mr. Smith seconded the motion. The motion passed with all in favor.

- F. Motion to select a project for CDBG Planning Grant Application:** Mr. Lopez informed the board that there were three projects that they needed to select one from. Project 1 -This is a Sewer Project to include Sleepy Farms which is not in LRG's service area. The county has indicated that they have funds for planning a sewer project in that area. Project 2 - Is the line extension to include one commercial client and for future commercial clients. Because this is a construction project, LRG would have to go thru Dona Ana County and would have to compete with their projects and other entity projects. Dona Ana County would then have to pick LRG's project among others and they would become the Fiscal Agent. Project 3 -Completion of the Planning of the Water Master Plan, Staff would like the board to consider this project because it is 2/3 finished but lacks a little over \$100,000 to complete the planning phase. Mr. Magallanez made the motion to select the Master Plan Planning Project for the CDBG grant application. Mrs. Holguin seconded the motion. The motion passed with all in favor.
- G. Motion to adopt Resolution #FY2018-10 Authorization to Apply for CDBG Planning Grant Application:** Mr. Lopez indicated that this resolution is for the Master Plan Project selected by the board members for the CDBG Grant Application. Mrs. Holguin made the motion to adopt Resolution #FY2018-10 authorizing Staff to apply for CDBG funding. Mr. Magallanez seconded the motion. The motion passed with all in favor.
- H. Motion to adopt Resolution #FY2018-12 Adoption of Required CDBG Annual Certifications & Commitments:** Mr. Lopez said that this resolution is one of the requirements for applying for CDBG funding. Mrs. Holguin made the motion to adopt Resolution #FY2018-12 CDBG Annual Certifications & Commitments required for application. Mr. Magallanez seconded the motion. The motion passed with all in favor.
- I. Motion to approve Requests for Capital Outlay:** Mr. Lopez is requesting 2 submittals there is nothing in the packet for either submittal. The first one is for line extension on Stern Drive and for additional hydrants, they have been working with Senators Papan and Cervantes. Mrs. Holguin asked the cost of this project, Mr. Lopez said it would be approximately \$500,000. The second proposal is to extend the lines on Jacquez Road. Because we were unable to get the easement needed from the farmer in the area, 9 homeowners were not able to get connections. Representative Bill Gomez is very interested in help these people get connections to our system. Mrs. Holguin asked what the cost for this project would be, Mr. Lopez said this would be approximately \$80,000. Ms. Nichols was going to work on the numbers and get information to Mrs. Holguin. Mrs. Holguin made the motion to approve the requests for Capital Outlay, Mr. Smith seconded the motion. The motion passed with all in favor.
- J. Motion to Adopt Resolution #FY2018-11 Approving 2nd Quarter Budget:** Mr. Lopez, indicated that the Balance Sheet for December 2017 is included in the package and if there are any questions Ms. Jackson in present and available. Mrs. Holguin made the motion to adopt Resolution #FY2018-11 2nd Quarter Budget, Mr. Evaro seconded the motion. The motion passed with all in favor.
- X. Other discussion and agenda items for next meeting at 9:30 a.m. Wednesday, February 21, 2018 at the La Mesa Office**
- A. Have any Board Members participated in training? If so, please give us a copy of your certificate:** No one had any trainings or certificates to turn in.
- B. Audit discussion – Audit is due to be submitted to Office of the State Auditor by December 15th, 2017:** Ms. Jackson indicated that the Audit has been submitted and is waiting for approval.
- C. Colonia's Day 1/23/17**
- XI. Adjourn:** Mrs. Holguin made the motion to adjourn the meeting at 10:50 a.m., Mr. Magallanez seconded the motion. The motion passed with all in favor.

Minutes approved February 21, 2018

Michael McMullen, Chairman (District 6)

Furman Smith, Vice-Chairman (District 7)

Esperanza Holguin, Secretary (District 4)

ABSENT

Raymundo Sanchez, Director (District 1)

Joe Evaro, Director (District 3)

Henry Magallanez, Director (District 5)

VACANT

Director (District 2)

LRGPWWA
Manager's Report
February 21, 2018

- An unsolicited real estate offer was made on the Mesquite Wetlands Site (10.01 Acres) for \$8,008.00, DAC has 2017 valuation at \$140,000.00
- Finance Department employee resigned
- NMDOT Hwy 404 (O'Hara Road) improvement project: I granted permission to access LRGPWWA property site (Well #1) for surveying; possible water line relocation due to project at LRGPWWA expense
- An Amazon Business account has been established, previously employees would use their accounts for ordering and then reimbursed
- Finance staff is working with EPE to possibly reclassify electric bills and with Verizon to take advantage of saving programs, both should be a cost savings for the LRGPWWA
- Increased Payroll Direct Deposit Amount increase to \$35,000 due to changes in Taxes
- I have requested an increase to my LRGPWWA credit card from \$3,300 to \$8,300. Card is utilized by Finance Department to pay invoices and order equipment/supplies
- I will be activating a 3rd credit card with a limit of \$3,300 to be issued to Karen, Mike has one at the same limit; previously a Director had the card issued to them.
- I have authorized purchases of equipment for HIDTA; LRGPWWA is reimbursed and earns a 3% fee on purchases
- I will authorizing the transfer of the LRGPWWA 401K from current provider-there will be a cost savings of approximately \$5,800 to the LRGPWWA and employees-the same investment options will be available to employees under the new provider

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
PROJECTS REPORT – 2/21/18**

LRG-11-02.2 – Mesquite-Brazito Sewer Project – Bohannon Huston, Inc. – LOC-Design Stage – NMFA PG/SAP funded Planning, \$30k 2014 SAP, \$540,608 2014 CITF (10% Loan), USDA-RD Loan \$357,000 @ 3.250%, Grant \$1,194,919, Colonias Grants of \$6,356,474 & \$119,407 – Order of Immediate Possession was issued by the court for one of the two remaining lift station tracts. Engineer met with executor/heir of the remaining property owners to review the project and history of the land transaction. Attorney is resolving this final tract. Once that is done, we will be able to close on funding and put the project out to bid.

LRG-17-01 – Mesquite-Brazito Sewer Project 2 – Bohannon Huston, Inc. – Planning Stage – USDA-RD Application \$15,030,780 – PER has been complete and submitted to USDA-RD along with all application documents. BHI has provided responses to review comments, and application has been sent to USDA-RD National Office.

LRG-11-03 – Interconnect & Looping Project – see 12-01 Authority PER – Legislative Capital Outlay Request for \$500k was put in the Capital Outlay bill for \$150k to extend 12” main in Stern Drive north from Mesquite Drive.

LRG-11-05 – South Valley Water Supply & Treatment Project WTB #252– Bohannon Huston - Design stage - \$750,000 WTB – 10% Loan 10% Match: BHI contract proposal to develop PER and ER for submission to RD with the application is on today’s agenda.

LRG-17-01 – Water Master Plan – WTB #252 – Bohannon Huston: CDBG Public Hearing was held 1/9/18. We are working with Ms. Goolsby, SCCOG, to apply for \$100k planning grant for this project. I will be attending a CDBG Workshop in Albuquerque on March 7.

LRG-17-02 – Central Office Building: We have continued to provide additional information to NMFA about the DWSRLF application as they have questions. NMFA Board did not meet in January, but our application for funding will be on their agenda for February 28th.

Forty-Year Water Plan – CE&M – complete – needs update for new mergers after Brazito combine & commingle: pending NM-OSE comments/approval. Currently only includes the initial five systems.

LRG-13-03 – Valle Del Rio Water System Project – RFP/Planning/Design Stage - \$1,197,708 DWSRLF funding - \$898,281 principal forgiveness – 299,427 loan repayment – Souder, Miller & Associates: Closing on additional funding approved by NMFA board is proceeding. Closing transcript has not yet been received. Contract has been awarded to Morrow Construction, and preconstruction meeting was held on January 25th. NTP was issued, and project begins February 12. Submitted a Project Interest Form for the Phase II project application and NMED has completed its Capacity Assessment, found us to be compliant with state & federal regs, and recommended that we update our Operation & Maintenance Plan, put in a construction application to NMED-DWB, and join NM WARN. Will begin work on the application with NMFA after they consider our application for the building;

LRG-14-01 – Waterline Extension Project (incl. Veterans Road) – Design/Build - \$882,430 CITF incl. 10% Loan – Parkhill, Smith & Cooper - Monthly Project Update: Final Change Orders and Engineering Services Agreement Amendment have been approved, project is complete, and final Requisitions have been approved. We are still pending delivery of a few items including Daily Observation Reports. Final Requisitions have been approved and are pending payment. Capital Outlay request for \$142k to complete Jacquez Rd. line was in the Capital Outlay bill for \$50k.

LRG-17-03 – Planning Documents for East Mesa Water System Improvements Project – NMFA 3803-PG & 3804-PG – Engineer Selection – Contracts with Vencor for PER & EID are under review at NMED-CPB.

Other projects:

Infrastructure Capital Improvements Plan 2020-2024: Next ICIP deadline will be mid-June. Will start the process in March.

Documents Retention & Destruction – Sorting of old association documents for storage or destruction is ongoing, and staff is implementing approved retention/destruction schedules for LRGPWWA documents. Delivery of documents from the East Mesa Office for sorting and storage or shredding is still pending. Bin has not been sent out for shredding in the past month, but is nearly full.

Website and Email – Notices and Board Minutes pages are current. Other updates are ongoing. Board Training information on the Directors Only page is up to date.

Training – Patty and I attended an RCAC webinar on Operations Plans on 2/15/18.

Lower Rio Grande Water Users Organization – nothing new to report

EBID Surface Water Plant: - We have provided documentation for their resubmission of NMED permit application. Some issues have arisen with the final construction of this plant. Apparently, it is back in review at NMED-DWB.

As Needed Engineering Services: Currently we have 1 active Task Order: 1. Bohannon Huston, Inc. for construction oversight for replacing the pipeline in the Hwy. 70 crossing in Organ was issued 4/24/17. Vencor is developing a Task Order for the next phase of GIS work to pick up some missed items in La Mesa, add the Veterans Road project and Vado.

Water Audit: Data spreadsheet has been set up for calendar 2017. Data entry is in process. Will be starting to coordinate the 2017 audit later this month.

NM Legislature: Patty and I attended Colonias day on 1/23/18. My report on pending legislation is available at the board's website and has been updated thru the end of the session. Will update again after the Pocket Veto Date. We applied for Capital Outlay for Stern Drive line extension and fire-hydrants and waterline extension in Jacquez Rd.

Lower Rio Grande PWWA

Operators Report

February 21, 2018

System Problems and Repairs.

- Backflow inspections are Current. (Mesquite District)
- For the month of January, we were issued 447 work and service orders.
- For the month of December, we were issued 373 work and service orders.
- For the month of January, we installed 6 new water services.
- For the month of January, we had 5 service line leaks.
- We had no main line water breaks at Alto De Los Flores for the month of January.
- We have had a few mainline water breaks between the East Mesa and the South valley.
- Ramon and I were issued 10 work orders for illegal connections.

NMED: All of our Monthly Bac-T-Samples were taken for the month of January and all samples were negative.

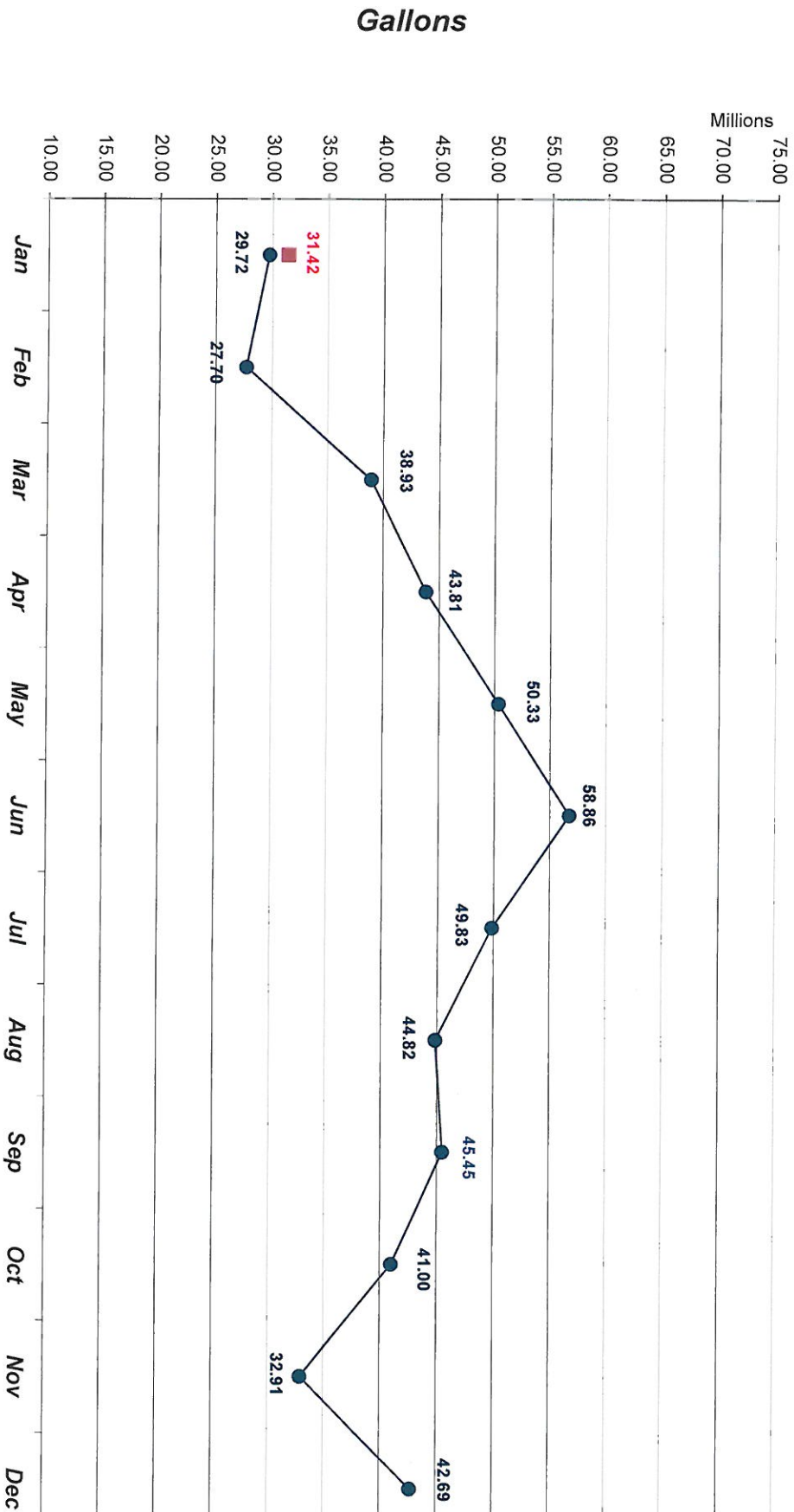
Mesquite district Wetlands: Almost Complete, We are waiting for El Paso Electric to remove power lines.

Mesquite and Organ Sewer Reports. The Organ Wastewater and the Mesquite wastewater reports were sent on February 1st.

Chlorine: No problems.

Reports: NMED, State Engineers, and the water conservation reports have been sent.

Lower Rio Grande PWMA Water Production Report



● 2017 Production ■ 2018 Production



LOWER RIO GRANDE

Public Water Works Authority

PO Box 2646 Anthony, New Mexico 88021 (575) 233-5742

Income Statement

For Fiscal: FYE 2018 Period Ending: 01/31/2018

	Current Budget	MTD Activity	YTD Activity	Remaining Budget
Revenue				
40000 - Operating Revenue	\$ 2,961,000.00	\$ 191,032.13	\$ 1,830,963.27	\$ 1,130,036.73
40002 - Installation Fees	\$ 25,000.00	\$ 3,616.26	\$ 43,167.02	\$ (18,167.02)
40003 - Activation & Connection Fees-Water	\$ 3,600.00	\$ 650.00	\$ 2,700.00	\$ 900.00
40004 - Meter Relocation	\$ 1,500.00	\$ -	\$ -	\$ 1,500.00
40005 - Backflow Testing	\$ 3,500.00	\$ 1,415.39	\$ 6,273.28	\$ (2,773.28)
40006 - Tampering Fee/Line Breaks	\$ 1,500.00	\$ -	\$ 2,386.26	\$ (886.26)
40007 - Delinquency Fee	\$ 20,000.00	\$ 8,500.00	\$ 57,200.00	\$ (37,200.00)
40008 - Penalties-Water	\$ 50,000.00	\$ 6,823.79	\$ 63,739.06	\$ (13,739.06)
40009 - Membership Fees	\$ 3,000.00	\$ 767.83	\$ 4,824.31	\$ (1,824.31)
40010 - Impact Fees	\$ 50,000.00	\$ 4,600.70	\$ 39,914.36	\$ 10,085.64
40011 - Returned Check Fees	\$ 1,500.00	\$ 35.00	\$ 490.00	\$ 1,010.00
40012 - Credit Card Fees	\$ 6,000.00	\$ 1,010.00	\$ 6,656.00	\$ (656.00)
40013 - Miscellaneous Revenue	\$ 500.00	\$ 35.00	\$ 295.00	\$ 205.00
40015 - Penalties-Sewer	\$ 7,000.00	\$ 572.08	\$ 4,016.90	\$ 2,983.10
40016 - Meter Test Fee	\$ 500.00	\$ -	\$ -	\$ 500.00
40017 - Hydrant Meter Rental Fee	\$ 2,000.00	\$ -	\$ 1,000.00	\$ 1,000.00
40019 - DAC Trash Coupons	\$ 900.00	\$ 62.00	\$ 424.00	\$ 476.00
40020 - Miscellaneous Revenue-Sewer	\$ 1,500.00	\$ 82.58	\$ 1,722.07	\$ (222.07)
45000 - Tower Rent	\$ 15,000.00	\$ 250.00	\$ 1,750.00	\$ 13,250.00
45001 - Billing Adjustments-Water	\$ -	\$ (407.46)	\$ (24,554.45)	\$ 24,554.45
45005 - Fiscal Agent Fees	\$ 35,000.00	\$ 3,794.65	\$ 33,246.70	\$ 1,753.30
45010 - Interest	\$ 600.00	\$ 63.23	\$ 307.22	\$ 292.78
45015 - Copy/Fax	\$ 400.00	\$ 15.50	\$ 198.00	\$ 202.00
45020 - Other Income	\$ 10,000.00	\$ 1,558.86	\$ 4,700.09	\$ 5,299.91
45025 - Contract Services	\$ 50,000.00	\$ 4,947.99	\$ 26,337.15	\$ 23,662.85
45030 - Transfers In	\$ 400,000.00	\$ -	\$ -	\$ 400,000.00
Total Revenue	\$ 3,650,000.00	\$ 229,425.53	\$ 2,107,756.24	\$ 1,542,243.76
Expense				
	Current Budget	MTD Activity	YTD Activity	Remaining Budget
60005 - Accounting Fees	\$ 5,000.00	\$ -	\$ 9,367.31	\$ (4,367.31)
60010 - Audit	\$ 13,500.00	\$ 4,205.00	\$ 12,615.00	\$ 885.00
60016 - Inventory Adjustments	\$ -	\$ -	\$ (5,537.92)	\$ 5,537.92
60020 - Bank Service Charges	\$ 15,000.00	\$ 1,011.61	\$ 7,756.80	\$ 7,243.20
60025 - Cash Short/Over	\$ 300.00	\$ 48.00	\$ 20.65	\$ 279.35
60030 - Dues and Subscriptions	\$ 5,000.00	\$ 959.34	\$ 1,924.90	\$ 3,075.10
60035 - Engineering Fees	\$ 80,000.00	\$ -	\$ -	\$ 80,000.00
60045 - Late Fees	\$ 1,000.00	\$ -	\$ -	\$ 1,000.00
60050 - Legal Fees	\$ 10,000.00	\$ 1,056.05	\$ 3,844.00	\$ 6,156.00
60055 - Legal Notices	\$ 6,000.00	\$ 80.76	\$ 227.63	\$ 5,772.37
60060 - Licenses & Fees	\$ 8,000.00	\$ 1,000.00	\$ 3,162.45	\$ 4,837.55
60065 - Meals	\$ 2,500.00	\$ 26.94	\$ 808.83	\$ 1,691.17
60070 - Organizational Cost	\$ 20,000.00	\$ -	\$ -	\$ 20,000.00
60075 - Permit Fees	\$ 6,500.00	\$ 600.00	\$ 600.00	\$ 5,900.00
60080 - Postage	\$ 45,000.00	\$ 2,614.37	\$ 17,826.64	\$ 27,173.36
60090 - Professional Fees-Other	\$ 10,000.00	\$ -	\$ 800.00	\$ 9,200.00
60100 - Project Development	\$ 200,000.00	\$ -	\$ -	\$ 200,000.00
60120 - Retirement Account Fees	\$ 3,500.00	\$ -	\$ 843.75	\$ 2,656.25
60125 - Easements & Leases	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00
60130 - Training	\$ 10,000.00	\$ -	\$ 4,004.55	\$ 5,995.45
60150 - Travel:Lodging Per Diem	\$ 5,000.00	\$ -	\$ 2,635.29	\$ 2,364.71
60155 - Travel:Meals Per Diem	\$ 5,000.00	\$ 43.31	\$ 594.37	\$ 4,405.63
60160 - Travel:Mileage/Parking Per Diem	\$ -	\$ -	\$ 484.20	\$ (484.20)
60175 - Fixed Asset Disposal Fees	\$ 1,500.00	\$ -	\$ -	\$ 1,500.00
60600 - Debit Service	\$ 146,360.00	\$ 61,668.87	\$ 135,848.30	\$ 10,511.70
60650 - Interest paid to NMFA	\$ 37,091.00	\$ 2,069.12	\$ 15,508.79	\$ 21,582.21
60675 - Interest paid to USDA	\$ 130,508.00	\$ 10,629.36	\$ 74,405.52	\$ 56,102.48

Expense (continued)	Current Budget	MTD Activity	YTD Activity	Remaining Budget
63000 - Regular Pay	\$ 835,000.00	\$ 53,674.21	\$ 477,937.37	\$ 357,062.63
63001 - Overtime	\$ 21,000.00	\$ 972.70	\$ 13,120.78	\$ 7,879.22
63006 - Holiday Pay	\$ 55,000.00	\$ 12,280.32	\$ 35,460.34	\$ 19,539.66
63007 - Sick Pay	\$ 97,500.00	\$ 5,351.38	\$ 28,553.54	\$ 68,946.46
63008 - Annual Leave Pay	\$ 117,500.00	\$ 11,158.82	\$ 43,073.91	\$ 74,426.09
63010 - 401K 10% Company Contribution	\$ 99,000.00	\$ -	\$ -	\$ 99,000.00
63070 - Employee Benefits-401K Contrib	\$ 40,000.00	\$ 2,504.05	\$ 17,903.43	\$ 22,096.57
63090 - HISC-Blue Medicare Rx.	\$ 500.00	\$ 109.50	\$ 394.30	\$ 105.70
63100 - Insurance-Dental	\$ 15,000.00	\$ 1,031.80	\$ 6,869.07	\$ 8,130.93
63110 - Insurance-Health	\$ 170,000.00	\$ 23,171.25	\$ 143,692.43	\$ 26,307.57
63115 - Salaries: Insurance - Work Comp	\$ 20,000.00	\$ 2,098.00	\$ 10,799.00	\$ 9,201.00
63130 - Mileage	\$ 1,500.00	\$ 277.20	\$ 382.77	\$ 1,117.23
63135 - Drug Testing	\$ 1,500.00	\$ -	\$ 150.00	\$ 1,350.00
63160 - Payroll Taxes-Medicare	\$ 18,000.00	\$ 1,209.87	\$ 8,673.25	\$ 9,326.75
63170 - Payroll Taxes-Social Security	\$ 71,000.00	\$ 5,173.12	\$ 37,085.16	\$ 33,914.84
63200 - Vision Insurance	\$ 5,000.00	\$ 322.27	\$ 2,117.16	\$ 2,882.84
64100 - Sewer:DAC Waste Water Flow Charge	\$ 50,000.00	\$ -	\$ 14,911.35	\$ 35,088.65
64200 - Sewer:Electricity-Sewer	\$ 9,000.00	\$ 798.36	\$ 6,294.69	\$ 2,705.31
64300 - Sewer:Lab & Chemicals-Sewer	\$ 10,000.00	\$ 259.95	\$ 1,885.96	\$ 8,114.04
65010 - Automobile Repairs & Maint.	\$ 36,000.00	\$ 2,238.00	\$ 36,515.64	\$ (515.64)
65230 - Computer Maintenance	\$ 65,000.00	\$ 4,444.95	\$ 40,944.96	\$ 24,055.04
65240 - Equipment Rental	\$ 2,500.00	\$ -	\$ 730.41	\$ 1,769.59
65250 - Fuel	\$ 65,000.00	\$ 4,359.49	\$ 32,168.87	\$ 32,831.13
65260 - Kitchen & Cleaning Supplies	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00
65270 - Lab Chemicals-Water	\$ 15,000.00	\$ -	\$ 614.52	\$ 14,385.48
65280 - Lab Chemicals-Water:Chemicals	\$ 40,000.00	\$ 1,278.77	\$ 18,992.72	\$ 21,007.28
65300 - Locates	\$ 7,000.00	\$ -	\$ 775.96	\$ 6,224.04
65310 - Maint. & Repairs-Infrastructure	\$ 199,741.00	\$ 2,039.57	\$ 41,276.36	\$ 158,464.64
65320 - Maint. & Repairs-Office	\$ 10,000.00	\$ -	\$ 6,229.01	\$ 3,770.99
65330 - Maintenance & Repairs-Other	\$ 169,000.00	\$ (35,761.43)	\$ 24,110.71	\$ 144,889.29
65340 - Materials & Supplies (Inventory)	\$ 50,000.00	\$ 6,701.42	\$ 52,058.38	\$ (2,058.38)
65345 - Non Inventory-Consumables	\$ 111,000.00	\$ 2,260.43	\$ 24,751.70	\$ 86,248.30
65350 - Office Supplies	\$ 15,000.00	\$ 133.46	\$ 5,459.32	\$ 9,540.68
65360 - Printing and Copying	\$ 20,000.00	\$ 1,130.36	\$ 8,006.90	\$ 11,993.10
65370 - Tool Furniture	\$ 5,000.00	\$ 110.00	\$ 9,762.05	\$ (4,762.05)
65390 - Uniforms-Employee	\$ 15,000.00	\$ 904.64	\$ 7,051.37	\$ 7,948.63
65490 - Cell Phone	\$ 20,000.00	\$ 1,451.12	\$ 10,708.01	\$ 9,291.99
65500 - Electricity-Lighting	\$ 10,000.00	\$ 492.59	\$ 3,638.39	\$ 6,361.61
65510 - Electricity-Offices	\$ 17,000.00	\$ 1,031.04	\$ 9,274.54	\$ 7,725.46
65520 - Electricity-Wells	\$ 225,000.00	\$ 17,092.37	\$ 125,549.23	\$ 99,450.77
65530 - Garbage Service	\$ 2,500.00	\$ 184.29	\$ 1,388.76	\$ 1,111.24
65540 - Natural Gas	\$ 3,000.00	\$ 270.75	\$ 996.46	\$ 2,003.54
65550 - Security/Alarm	\$ 10,000.00	\$ 482.29	\$ 3,243.67	\$ 6,756.33
65560 - Telephone	\$ 20,000.00	\$ 1,236.47	\$ 13,296.88	\$ 6,703.12
65570 - Wastewater	\$ 1,500.00	\$ 176.40	\$ 1,146.60	\$ 353.40
66100 - Government Penalties & Interest	\$ 2,500.00	\$ -	\$ -	\$ 2,500.00
66200 - Insurance-General Liability	\$ 80,000.00	\$ 16,083.00	\$ 52,242.00	\$ 27,758.00
66700 - Water Conservation Fee	\$ 20,000.00	\$ -	\$ 8,122.27	\$ 11,877.73
Total Expenses	\$ 3,650,000.00	\$ 234,745.51	\$ 1,676,101.26	\$ 1,973,898.74
Revenue	\$ 3,650,000.00	\$ 229,425.53	\$ 2,107,756.24	\$ 1,542,243.76
Less: Expenses	\$ 3,650,000.00	\$ 234,745.51	\$ 1,676,101.26	\$ 1,973,898.74
Total Surplus/(Deficit):	\$ -	\$ (5,319.98)	\$ 431,654.98	\$ (431,654.98)
Notes:				
Revenue is currently \$21,410 below the projected amount (less than 1%)				
Expenses are currently under budget by 21%				
Debit Service includes \$57,855 payoff loan				
DAC is behind on their billing. The charges for Oct., Nov. & Dec. were just received and will be posted in February.				
Maintenance & Repairs total reflects cost of trucks purchased in December and January being reclassified to Capital Assets in January.				
Prepared by: Kathi Jackson, Finance Manager				
Reviewed by: Martin Lopez, GM				

NOTICE OF AWARD

Date of Issuance: February 21, 2018

Owner: LRGPWWA Owner's Contract No.:
Engineer: Bohannon Huston Inc. Engineer's Project No.: 20180041
Project: US Highway 70 Bore Crossing Line Repair Contract Name: US Highway 70 Bore Crossing Line Repair
Bidder: General Hydronics Utilities, LLC
Bidder's Address: 1001 Zuni Dr., Suite D, Alamogordo, NM 88310

TO BIDDER:

You are notified that Owner has accepted your Bid dated January 24, 2018 for the above Contract, and that you are the Successful Bidder and are awarded a Contract for:

replacing approximately 175 lf of 6" C-900 JM Eagle locking gasket type PVC water pipeline in an existing bored crossing, including thrust blocks, boots and all traffic control, bid items 1-7.

[describe Work, alternates, or sections of Work awarded]

The Contract Price of the awarded Contract is: \$ 31,235.63 *[subject to unit prices]*

[3] unexecuted counterparts of the Agreement accompany this Notice of Award, and one copy of the Contract Documents accompanies this Notice of Award, or has been transmitted or made available to Bidder electronically. *[revise if multiple copies accompany the Notice of Award]*

a set of the Drawings will be delivered separately from the other Contract Documents.

You must comply with the following conditions precedent within 15 days of the date of receipt of this Notice of Award:

1. Deliver to Owner [3] counterparts of the Agreement, fully executed by Bidder.
2. Deliver with the executed Agreement(s) the Contract security *[e.g., performance and payment bonds]* and insurance documentation as specified in the Instructions to Bidders and General Conditions, Articles 2 and 6.
3. Other conditions precedent (if any): None

Failure to comply with these conditions within the time specified will entitle Owner to consider you in default, annul this Notice of Award, and declare your Bid security forfeited.

Within ten days after you comply with the above conditions, Owner will return to you one fully executed counterpart of the Agreement, together with any additional copies of the Contract Documents as indicated in Paragraph 2.02 of the General Conditions.

Owner: LRGPWWA
Lower Rio Grande Public Water Works Authority
Authorized Signature
By: _____
Title: Mike McMullen, Board Chairman
Date Issued: February 22, 2018

Copy: Engineer

January 29, 2018

Karen Nichols, Project Manager
Lower Rio Grande Public Water Works Authority
521 St. Valentine
La Mesa, NM 88044

Re: **US Highway 70 Bore Crossing Line Repair**
Award Recommendation
BHI Project No. 20180041

Dear Ms. Nichols,

Bids were opened for the above-referenced project on Wednesday, January 24, 2018 at 2:00 p.m. The project consists of replacing approximately 175 lf of 6" C-900 JM Eagle locking gasket type PVC water pipeline in an existing bored crossing, including thrust blocks, boots and all traffic control.

The project was bid on a unit price and lump sum cost basis. Final quantities may vary from those estimated in the Bid Schedule. A total of eight bids were received before the scheduled Bid Opening. The bid from Highland Enterprises Inc. contained math errors which had no impact to the bid results. The bid documents were to include Resident Contractor Certification and Resident Veteran Contractor Certification. Those contractors that qualify for a discounted preference, by providing the pertinent certification documentation, are indicated in the bid tabulation form attached to this letter. The project award amount would be the total base bid of the project. A tabulation of the bids and the engineer's estimate of probable cost are attached. A summary of the three lowest bids is shown below:

Bidder	Total Base Bid
General Hydronics Utilities, LLC Alamogordo, NM	\$31,235.63
Caliper Construction Inc. Las Cruces, NM	\$37,250.00
Mans Construction Co. Las Cruces, NM	\$38,150.46
Engineer Estimate	\$51,525.00

These figures DO NOT include Doña Ana County Tax at a rate of 6.750%.

Engineering ▲

Spatial Data ▲

Advanced Technologies ▲

Karen Nichols, Project Manager
LRGPWWA
January 29, 2018
Page 2

The apparent low bidder:

General Hydronics Utilities, LLC.
1001 Zuni Dr., Suite D
Alamogordo, NM 88310
575.437.6512

License No. 388888
Expires: June 30, 2019

The apparent low bidder's licenses have been verified with NM Licensing Services, are valid for the type of work to be accomplished, and is in active status. We have not worked with General Hydronics Utilities LLC as a Prime Contractor; however, we have worked with them as a subcontractor on utility projects in the past and found them competent and experienced for this type of work. They have also provided references and stated they have the staff and experience to complete this job.

The contract documents require that bidders hold the bid prices for a period of sixty (60) days after the bid opening to allow the owner to evaluate the bid proposals. It is our understanding that the Authority does have enough funding to award the entire project. On the basis of the above, I recommend that the LRGPWWA award construction to General Hydronics Utilities LLC for the total base bid in the amount of \$31,235.63.

The Authority is required to take action (in the form of a vote) to award this project. It is my understanding that consideration of the award will take place at the February 21, 2018 board meeting. Please do not hesitate to contact me if you have any questions or need further assistance with this prior to that time.

Sincerely,



David M. Shields, CET
Project Manager

DMS/dg
Enclosure(s)

cc: General Hydronics Utilities LLC

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
US HIGHWAY 70 BORE CROSSING LINE REPAIR
BID REVIEW CERTIFICATION
Bid Opening: January 24, 2018**

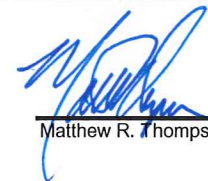
Bid Item	Description	Unit	Qty	Engineers Estimate		General Hydronics Utilities, LLC		Caliper Construction Inc.		Mans Construction Co.		Highland Enterprises Inc.	
				Unit Price	Extension	Unit Price	Extension	Unit Price	Extension	Unit Price	Extension	Unit Price	Extension
1	Mobilization/Demobilization	LS	1	\$10,000.00	\$ 10,000.00	\$ 4,125.00	\$ 4,125.00	\$ 5,775.00	\$ 5,775.00	\$ 7,638.66	\$ 7,638.66	\$ 10,864.00	\$ 10,864.00
2	Traffic Control	LS	1	\$7,500.00	\$ 7,500.00	\$ 9,982.63	\$ 9,982.63	\$ 13,900.00	\$ 13,900.00	\$ 16,100.70	\$ 16,100.70	\$ 14,936.00	\$ 14,936.00
3	Materials Testing	ALW	1	\$1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
4	6" Pipe Replacement	LF	175	\$58.00	\$ 10,150.00	\$ 53.59	\$ 9,378.25	\$ 36.00	\$ 6,300.00	\$ 39.46	\$ 6,905.50	\$ 36.24	\$ 6,342.00
5	6" Pipe Removal from Existing Bore	LF	175	\$25.00	\$ 4,375.00	\$ 5.74	\$ 1,004.50	\$ 21.00	\$ 3,675.00	\$ 20.78	\$ 3,636.50	\$ 13.99	\$ 2,448.25
6	New 12" Steel Bore Casing Boots and Spacers	LS	1	\$10,000.00	\$ 10,000.00	\$ 2,625.31	\$ 2,625.31	\$ 3,700.00	\$ 3,700.00	\$ 1,704.96	\$ 1,704.96	\$ 3,696.00	\$ 3,696.00
7	Tie in to Existing 6" PVC Waterline	EA	2	\$4,000.00	\$ 8,000.00	\$ 1,309.97	\$ 2,619.94	\$ 1,200.00	\$ 2,400.00	\$ 332.07	\$ 664.14	\$ 1,617.00	\$ 3,234.00
TOTAL BASE BID (Items N1-N8, J1-J6, M1-M6)				\$	51,525.00	\$	31,235.63	\$	37,250.00	\$	38,150.46	\$	43,020.25

Resident Contractor Preference			Yes		Yes		Yes		Yes
Veteran Contractor Preference			No		No		No		No
Amount of Preference (Max (10%))		N/A	5%		5%		5%		5%
Application of Preference			\$ 29,673.85	\$ -	\$ 35,387.50	\$ -	\$ 36,242.94	\$ -	\$ 40,869.24

Bid Item	Description	Unit	Qty	Engineers Estimate		File Construction, LLC		DuCross Construction, LLC		J29 Enterprises, LLC		Morrow Enterprises Inc.	
				Unit Price	Extension	Unit Price	Extension	Unit Price	Extension	Unit Price	Extension	Unit Price	Extension
1	Mobilization/Demobilization	LS	1	\$10,000.00	\$ 10,000.00	\$ 13,292.00	\$ 13,292.00	\$ 5,000.00	\$ 5,000.00	\$ 7,240.00	\$ 7,240.00	\$ 3,322.00	\$ 3,322.00
2	Traffic Control	LS	1	\$7,500.00	\$ 7,500.00	\$ 8,656.00	\$ 8,656.00	\$ 22,986.60	\$ 22,986.60	\$ 13,845.00	\$ 13,845.00	\$ 16,741.00	\$ 16,741.00
3	Materials Testing	ALW	1	\$1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
4	6" Pipe Replacement	LF	175	\$58.00	\$ 10,150.00	\$ 71.50	\$ 12,512.50	\$ 60.30	\$ 10,552.50	\$ 49.92	\$ 8,736.00	\$ 114.00	\$ 19,950.00
5	6" Pipe Removal from Existing Bore	LF	175	\$25.00	\$ 4,375.00	\$ 17.00	\$ 2,975.00	\$ 6.10	\$ 1,067.50	\$ 29.62	\$ 5,183.50	\$ 29.00	\$ 5,075.00
6	New 12" Steel Bore Casing Boots and Spacers	LS	1	\$10,000.00	\$ 10,000.00	\$ 3,312.00	\$ 3,312.00	\$ 2,494.90	\$ 2,494.90	\$ 4,145.00	\$ 4,145.00	\$ 1,931.00	\$ 1,931.00
7	Tie in to Existing 6" PVC Waterline	EA	2	\$4,000.00	\$ 8,000.00	\$ 1,804.00	\$ 3,608.00	\$ 1,949.90	\$ 3,899.80	\$ 3,570.00	\$ 7,140.00	\$ 2,663.00	\$ 5,326.00
TOTAL BASE BID (Items N1-N8, J1-J6, M1-M6)				\$	51,525.00	\$	45,855.50	\$	47,501.30	\$	47,789.50	\$	53,845.00

Resident Contractor Preference			Yes		Yes		Yes		Yes	
Veteran Contractor Preference			No		No		No		No	
Amount of Preference (Max (10%))		N/A	5%		5%		5%		5%	
Application of Preference			\$ -	\$ 43,562.73	\$ -	\$ 45,126.24	\$ -	\$ 45,400.03	\$ -	\$ 51,152.75

*highlighted areas contain corrected values


 Matthew R. Thompson, P.E. Date 1-29-18

February 14, 2018

Karen Nichols, Project Manager
Lower Rio Grande Public Water Works Authority
325 Holguin Road Box C
Vado, NM 88072

RE: Proposal for Professional Services: Preliminary Engineering Report for South Valley Service Area Water Supply Deficiency

Dear Ms. Nichols:

Bohannon Huston, Inc., (BHI) is pleased to provide this engineering services contract for the above referenced work to the Lower Rio Grande Public Water Works Authority (Authority). The BHI and CDM Smith project team will collaborate to develop planning documents that are intended to be used for establishing a need for obtaining funding support to finalize construction of the necessary facilities for this South Valley service area.

If acceptable, please sign both copies of the two agreements enclosed and return one copy to BHI. If you have any questions, please contact me directly at 575-532-8670. Thank you and we look forward to working with you on this project.

Sincerely,



Matthew R. Thompson, PE
Senior Vice President

Engineering ▲

Spatial Data ▲

Advanced Technologies ▲

This document has important legal consequences; consultation with an attorney is encouraged with respect to its use or modification. This document should be adapted to the particular circumstances of the contemplated Project and the controlling Laws and Regulations.



**AGREEMENT
BETWEEN OWNER AND ENGINEER
FOR PROFESSIONAL SERVICES**

Prepared by



Issued and Published Jointly by



This Agreement has been prepared for use with EJCDC® C-700, Standard General Conditions of the Construction Contract, 2013 Edition. Their provisions are interrelated, and a change in one may necessitate a change in the other. For guidance on the completion and use of this Agreement, see EJCDC® E-001, Commentary on the EJCDC Engineering Services Agreements, 2013 Edition.

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**AGREEMENT
BETWEEN OWNER AND ENGINEER
FOR PROFESSIONAL SERVICES**

THIS IS AN AGREEMENT effective as of [2/21/2018] (“Effective Date”) between
[Lower Rio Grande Public Water Works Authority] (“Owner”) and
[Bohannon Huston Inc.] (“Engineer”).

Owner's Project, of which Engineer's services under this Agreement are a part, is generally identified as follows:
South Valley Service Area – Berino Area Water Supply Project (“Project”).

Other terms used in this Agreement are defined in Article 7.

Engineer's services under this Agreement are generally identified as follows: Planning phase services of a water system project including:

1. Prepare a Preliminary Engineering Report (PER) for the South Valley Service Area within the Berino area.
2. The PER will be prepared following the format presented in the USDA Bulletin 1780-2 dated April 2013.
3. An Environmental Report (ER) will be prepared by Epsilon Systems Solutions Inc., in accordance with 7 CFR 1970.54.

Owner and Engineer further agree as follows:

ARTICLE 1 – SERVICES OF ENGINEER

1.01 *Scope*

- A. Engineer shall provide, or cause to be provided, the services set forth herein and in Exhibit A.

ARTICLE 2 – OWNER’S RESPONSIBILITIES

2.01 *General*

- A. Owner shall have the responsibilities set forth herein and in Exhibit B.
- B. Owner shall pay Engineer as set forth in Article 4 and Exhibit C.
- C. Owner shall be responsible for all requirements and instructions that it furnishes to Engineer pursuant to this Agreement, and for the accuracy and completeness of all programs, reports, data, and other information furnished by Owner to Engineer pursuant to this Agreement. Engineer may use and rely upon such requirements, programs, instructions, reports, data, and information in performing or furnishing services under this Agreement, subject to any express limitations or reservations applicable to the furnished items.

- D. Owner shall give prompt written notice to Engineer whenever Owner observes or otherwise becomes aware of:
 - 1. any development that affects the scope or time of performance of Engineer's services;
 - 2. the presence at the Site of any Constituent of Concern; or
 - 3. any relevant, material defect or nonconformance in: (a) Engineer's services, (b) the Work, (c) the performance of any Constructor, or (d) Owner's performance of its responsibilities under this Agreement.

ARTICLE 3 – SCHEDULE FOR RENDERING SERVICES

3.01 *Commencement*

- A. Engineer is authorized to begin rendering services as of the Effective Date.

3.02 *Time for Completion*

- A. Engineer shall complete its obligations within a reasonable time. Specific periods of time for rendering services, or specific dates by which services are to be completed, are provided in Exhibit A, and are hereby agreed to be reasonable.
- B. If, through no fault of Engineer, such periods of time or dates are changed, or the orderly and continuous progress of Engineer's services is impaired, or Engineer's services are delayed or suspended, then the time for completion of Engineer's services, and the rates and amounts of Engineer's compensation, shall be adjusted equitably.
- C. If Owner authorizes changes in the scope, extent, or character of the Project or Engineer's services, then the time for completion of Engineer's services, and the rates and amounts of Engineer's compensation, shall be adjusted equitably.
- D. Owner shall make decisions and carry out its other responsibilities in a timely manner so as not to delay the Engineer's performance of its services.
- E. If Engineer fails, through its own fault, to complete the performance required in this Agreement within the time set forth, as duly adjusted, then Owner shall be entitled, as its sole remedy, to the recovery of direct damages, if any, resulting from such failure.

ARTICLE 4 – INVOICES AND PAYMENTS

4.01 *Invoices*

- A. *Preparation and Submittal of Invoices:* Engineer shall prepare invoices in accordance with its standard invoicing practices and the terms of Exhibit C. **Invoices must include a breakdown of services provided.** Engineer shall submit its invoices to Owner on a monthly basis. Invoices are due and payable within 30 days of receipt.

4.02 *Payments*

- A. *Application to Interest and Principal:* Payment will be credited first to any interest owed to Engineer and then to principal.
- B. *Failure to Pay:* If Owner fails to make any payment due Engineer for services and expenses within 30 days after receipt of Engineer's invoice, then:
 - 1. amounts due Engineer will be increased at the rate of 1.0% per month (or the maximum rate of interest permitted by law, if less) from said thirtieth day; and
 - 2. Engineer may, after giving seven days written notice to Owner, suspend services under this Agreement until Owner has paid in full all amounts due for services, expenses, and other related charges. Owner waives any and all claims against Engineer for any such suspension.
- C. *Disputed Invoices:* If Owner disputes an invoice, either as to amount or entitlement, then Owner shall promptly advise Engineer in writing of the specific basis for doing so, may withhold only that portion so disputed, and must pay the undisputed portion subject to the terms of Paragraph 4.01.
- D. *Sales or Use Taxes:* If after the Effective Date any governmental entity takes a legislative action that imposes additional sales or use taxes on Engineer's services or compensation under this Agreement, then Engineer may invoice such additional sales or use taxes for reimbursement by Owner. Owner shall reimburse Engineer for the cost of such invoiced additional sales or use taxes; such reimbursement shall be in addition to the compensation to which Engineer is entitled under the terms of Exhibit C.

ARTICLE 5 – OPINIONS OF COST

5.01 *Opinions of Probable Construction Cost*

- A. Engineer's opinions (if any) of probable Construction Cost are to be made on the basis of Engineer's experience, qualifications, and general familiarity with the construction industry. However, because Engineer has no control over the cost of labor, materials, equipment, or services furnished by others, or over contractors' methods of determining prices, or over competitive bidding or market conditions, Engineer cannot and does not guarantee that proposals, bids, or actual Construction Cost will not vary from opinions of probable Construction Cost prepared by Engineer. If Owner requires greater assurance as to probable Construction Cost, then Owner agrees to obtain an independent cost estimate. **Opinions of Probable Cost and any revisions thereof should reflect compliance with American Iron & Steel requirements mandated by Section 746 of Title VII of the Consolidated Appropriations Act of 2017 (Division A - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017) and subsequent statutes mandating domestic preference.**

5.02 *Designing to Construction Cost Limit*

- A. If a Construction Cost limit is established between Owner and Engineer, such Construction Cost limit and a statement of Engineer's rights and responsibilities with respect thereto will be specifically set forth in Exhibit F to this Agreement.

5.03 *Opinions of Total Project Costs*

- A. The services, if any, of Engineer with respect to Total Project Costs shall be limited to assisting the Owner in tabulating the various categories that comprise Total Project Costs. Engineer assumes no responsibility for the accuracy of any opinions of Total Project Costs.
- B. **Opinions of Total Project Costs and any revisions thereof should reflect compliance with American Iron & Steel requirements mandated by Section 746 of Title VII of the Consolidated Appropriations Act of 2017 (Division A - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017) and subsequent statutes mandating domestic preference.**

ARTICLE 6 – GENERAL CONSIDERATIONS

6.01 *Standards of Performance*

- A. *Standard of Care:* The standard of care for all professional engineering and related services performed or furnished by Engineer under this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the same locality. Engineer makes no warranties, express or implied, under this Agreement or otherwise, in connection with any services performed or furnished by Engineer.
- B. *Technical Accuracy:* Owner shall not be responsible for discovering deficiencies in the technical accuracy of Engineer's services. Engineer shall correct deficiencies in technical accuracy without additional compensation, unless such corrective action is directly attributable to deficiencies in Owner-furnished information.
- C. *Consultants:* Engineer may retain such Consultants as Engineer deems necessary to assist in the performance or furnishing of the services, subject to reasonable, timely, and substantive objections by Owner.
- D. *Reliance on Others:* Subject to the standard of care set forth in Paragraph 6.01.A, Engineer and its Consultants may use or rely upon design elements and information ordinarily or customarily furnished by others, including, but not limited to, specialty contractors, manufacturers, suppliers, and the publishers of technical standards.
- E. *Compliance with Laws and Regulations, and Policies and Procedures:*
 - 1. Engineer and Owner shall comply with applicable Laws and Regulations.
 - 2. Engineer shall comply with any and all policies, procedures, and instructions of Owner that are applicable to Engineer's performance of services under this Agreement and that Owner provides to Engineer in writing, subject to the standard of care set forth in

Paragraph 6.01.A, and to the extent compliance is not inconsistent with professional practice requirements.

3. This Agreement is based on Laws and Regulations and Owner-provided written policies and procedures as of the Effective Date. The following may be the basis for modifications to Owner's responsibilities or to Engineer's scope of services, times of performance, or compensation:
 - a. changes after the Effective Date to Laws and Regulations;
 - b. the receipt by Engineer after the Effective Date of Owner-provided written policies and procedures;
 - c. changes after the Effective Date to Owner-provided written policies or procedures.
- F. Engineer shall not be required to sign any document, no matter by whom requested, that would result in the Engineer having to certify, guarantee, or warrant the existence of conditions whose existence the Engineer cannot ascertain. Owner agrees not to make resolution of any dispute with the Engineer or payment of any amount due to the Engineer in any way contingent upon the Engineer signing any such document.
- G. The general conditions for any construction contract documents prepared hereunder are to be EJCDC® C-700 "Standard General Conditions of the Construction Contract" (2013 Edition), prepared by the Engineers Joint Contract Documents Committee, unless expressly indicated otherwise in Exhibit J or elsewhere in this Agreement.
- H. Engineer shall not at any time supervise, direct, control, or have authority over any Constructor's work, nor shall Engineer have authority over or be responsible for the means, methods, techniques, sequences, or procedures of construction selected or used by any Constructor, or the safety precautions and programs incident thereto, for security or safety at the Site, nor for any failure of a Constructor to comply with Laws and Regulations applicable to that Constructor's furnishing and performing of its work. Engineer shall not be responsible for the acts or omissions of any Constructor.
- I. Engineer neither guarantees the performance of any Constructor nor assumes responsibility for any Constructor's, failure to furnish and perform the Work in accordance with the Construction Contract Documents.
- J. Engineer shall not be responsible for any decision made regarding the Construction Contract Documents, or any application, interpretation, clarification, or modification of the Construction Contract Documents, other than those made by Engineer or its Consultants.
- K. Engineer is not required to provide and does not have any responsibility for surety bonding or insurance-related advice, recommendations, counseling, or research, or enforcement of construction insurance or surety bonding requirements.
- L. Engineer's services do not include providing legal advice or representation.

- M. Engineer's services do not include (1) serving as a "municipal advisor" for purposes of the registration requirements of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) or the municipal advisor registration rules issued by the Securities and Exchange Commission, or (2) advising Owner, or any municipal entity or other person or entity, regarding municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms, or other similar matters concerning such products or issuances.
- N. While at the Site, Engineer, its Consultants, and their employees and representatives shall comply with the applicable requirements of Contractor's and Owner's safety programs of which Engineer has been informed in writing.

6.02 *Design Without Construction Phase Services*

- A. Engineer shall be responsible only for those Construction Phase services expressly required of Engineer in Exhibit A, Paragraph A1.05. With the exception of such expressly required services, Engineer shall have no design, Shop Drawing review, or other obligations during construction, and Owner assumes all responsibility for the application and interpretation of the Construction Contract Documents, review and response to Contractor claims, Construction Contract administration, processing of Change Orders and submittals, revisions to the Construction Contract Documents during construction, construction observation and review, review of Contractor's payment applications, and all other necessary Construction Phase administrative, engineering, and professional services. Owner waives all claims against the Engineer that may be connected in any way to Construction Phase administrative, engineering, or professional services except for those services that are expressly required of Engineer in Exhibit A.

6.03 *Use of Documents*

- A. All Documents are instruments of service, and Engineer shall retain an ownership and property interest therein (including the copyright and the right of reuse at the discretion of the Engineer) whether or not the Project is completed.
- B. If Engineer is required to prepare or furnish Drawings or Specifications under this Agreement, Engineer shall deliver to Owner at least one original printed record version of such Drawings and Specifications, signed and sealed according to applicable Laws and Regulations.
- C. Owner may make and retain copies of Documents for information and reference in connection with the use of the Documents on the Project. Engineer grants Owner a limited license to use the Documents on the Project, extensions of the Project, and for related uses of the Owner, subject to receipt by Engineer of full payment due and owing for all services relating to preparation of the Documents, and subject to the following limitations: (1) Owner acknowledges that such Documents are not intended or represented to be suitable for use on the Project unless completed by Engineer, or for use or reuse by Owner or others on extensions of the Project, on any other project, or for any other use or purpose, without written verification or adaptation by Engineer; (2) any such use or reuse, or any modification of the Documents, without written verification, completion, or adaptation by Engineer, as appropriate for the specific purpose intended, will be at Owner's sole risk and without liability or legal exposure to Engineer or to its

officers, directors, members, partners, agents, employees, and Consultants; (3) Owner shall indemnify and hold harmless Engineer and its officers, directors, members, partners, agents, employees, and Consultants from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from any use, reuse, or modification of the Documents without written verification, completion, or adaptation by Engineer; and (4) such limited license to Owner shall not create any rights in third parties.

- D. If Engineer at Owner's request verifies the suitability of the Documents, completes them, or adapts them for extensions of the Project or for any other purpose, then Owner shall compensate Engineer at rates or in an amount to be agreed upon by Owner and Engineer.

6.04 *Electronic Transmittals*

- A. Owner and Engineer may transmit, and shall accept, Project-related correspondence, Documents, text, data, drawings, information, and graphics, in electronic media or digital format, either directly, or through access to a secure Project website, in accordance with a mutually agreeable protocol.
- B. If this Agreement does not establish protocols for electronic or digital transmittals, then Owner and Engineer ~~shall~~ **may** jointly develop such protocols.
- C. When transmitting items in electronic media or digital format, the transmitting party makes no representations as to long term compatibility, usability, or readability of the items resulting from the recipient's use of software application packages, operating systems, or computer hardware differing from those used in the drafting or transmittal of the items, or from those established in applicable transmittal protocols.

6.05 *Insurance*

- A. Engineer shall procure and maintain insurance as set forth in Exhibit G. Engineer shall cause Owner to be listed as an additional insured on any applicable general liability insurance policy carried by Engineer.
- B. Owner ~~shall~~ **may** procure and maintain insurance as set forth in Exhibit G. Owner ~~shall~~ **may** cause Engineer and its Consultants to be listed as additional insureds on any general liability policies carried by Owner, which are applicable to the Project.
- C. Owner shall require Contractor to purchase and maintain policies of insurance covering workers' compensation, general liability, motor vehicle damage and injuries, and other insurance necessary to protect Owner's and Engineer's interests in the Project. Owner shall require Contractor to cause Engineer and its Consultants to be listed as additional insureds with respect to such liability insurance purchased and maintained by Contractor for the Project.
- D. Owner and Engineer shall each deliver to the other certificates of insurance evidencing the coverages indicated in Exhibit G. Such certificates shall be furnished prior to commencement of Engineer's services and at renewals thereafter during the life of the Agreement.

- E. All policies of property insurance relating to the Project, including but not limited to any builder's risk policy, shall allow for waiver of subrogation rights and contain provisions to the effect that in the event of payment of any loss or damage the insurers will have no rights of recovery against any insured thereunder or against Engineer or its Consultants. Owner and Engineer waive all rights against each other, Contractor, the Consultants, and the respective officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of them, for all losses and damages caused by, arising out of, or resulting from any of the perils or causes of loss covered by any builder's risk policy and any other property insurance relating to the Project. Owner and Engineer shall take appropriate measures in other Project-related contracts to secure waivers of rights consistent with those set forth in this paragraph.
- F. All policies of insurance shall contain a provision or endorsement that the coverage afforded will not be canceled or reduced in limits by endorsement, and that renewal will not be refused, until at least 10 days prior written notice has been given to the primary insured. Upon receipt of such notice, the receiving party shall promptly forward a copy of the notice to the other party to this Agreement.
- G. At any time, Owner may request that Engineer or its Consultants, at Owner's sole expense, provide additional insurance coverage, increased limits, or revised deductibles that are more protective than those specified in Exhibit G. If so requested by Owner, and if commercially available, Engineer shall obtain and shall require its Consultants to obtain such additional insurance coverage, different limits, or revised deductibles for such periods of time as requested by Owner, and Exhibit G will be supplemented to incorporate these requirements.

6.06 *Suspension and Termination*

A. *Suspension:*

- 1. *By Owner:* Owner may suspend the Project for up to 90 days upon seven days written notice to Engineer.
- 2. *By Engineer:* Engineer may, after giving seven days written notice to Owner, suspend services under this Agreement if Owner has failed to pay Engineer for invoiced services and expenses, as set forth in Paragraph 4.02.B, or in response to the presence of Constituents of Concern at the Site, as set forth in Paragraph 6.10.D.

B. *Termination:* The obligation to provide further services under this Agreement may be terminated:

- 1. For cause,
 - a. by either party upon 30 days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party.
 - b. by Engineer:

- 1) upon seven days written notice if Owner demands that Engineer furnish or perform services contrary to Engineer's responsibilities as a licensed professional; or
 - 2) upon seven days written notice if the Engineer's services for the Project are delayed or suspended for more than 90 days for reasons beyond Engineer's control, or as the result of the presence at the Site of undisclosed Constituents of Concern, as set forth in Paragraph 6.10.D.
 - 3) Engineer shall have no liability to Owner on account of such termination.
- c. Notwithstanding the foregoing, this Agreement will not terminate under Paragraph 6.06.B.1.a if the party receiving such notice begins, within seven days of receipt of such notice, to correct its substantial failure to perform and proceeds diligently to cure such failure within no more than 30 days of receipt thereof; provided, however, that if and to the extent such substantial failure cannot be reasonably cured within such 30 day period, and if such party has diligently attempted to cure the same and thereafter continues diligently to cure the same, then the cure period provided for herein shall extend up to, but in no case more than, 60 days after the date of receipt of the notice.
2. For convenience, by Owner effective upon Engineer's receipt of notice from Owner.
- C. *Effective Date of Termination:* The terminating party under Paragraph 6.06.B may set the effective date of termination at a time up to 30 days later than otherwise provided to allow Engineer to demobilize personnel and equipment from the Site, to complete tasks whose value would otherwise be lost, to prepare notes as to the status of completed and uncompleted tasks, and to assemble Project materials in orderly files.
- D. *Payments Upon Termination:*
1. In the event of any termination under Paragraph 6.06, Engineer will be entitled to invoice Owner and to receive full payment for all services performed or furnished in accordance with this Agreement and all Reimbursable Expenses incurred through the effective date of termination. Upon making such payment, Owner shall have the limited right to the use of Documents, at Owner's sole risk, subject to the provisions of Paragraph 6.03.
 2. In the event of termination by Owner for convenience or by Engineer for cause, Engineer shall be entitled, in addition to invoicing for those items identified in Paragraph 6.06.D.1, to invoice Owner and receive payment of a reasonable amount for services and expenses directly attributable to termination, both before and after the effective date of termination, such as reassignment of personnel, costs of terminating contracts with Engineer's Consultants, and other related close-out costs, using methods and rates for Additional Services as set forth in Exhibit C.

6.07 Controlling Law

- A. This Agreement is to be governed by the Laws and Regulations of the state in which the Project is located.

6.08 *Successors, Assigns, and Beneficiaries*

- A. Owner and Engineer are hereby bound and the successors, executors, administrators, and legal representatives of Owner and Engineer (and to the extent permitted by Paragraph 6.08.B the assigns of Owner and Engineer) are hereby bound to the other party to this Agreement and to the successors, executors, administrators and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements, and obligations of this Agreement.
- B. Neither Owner nor Engineer may assign, sublet, or transfer any rights under or interest (including, but without limitation, money that is due or may become due) in this Agreement without the written consent of the other party, except to the extent that any assignment, subletting, or transfer is mandated by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.
- C. Unless expressly provided otherwise in this Agreement:
 - 1. Nothing in this Agreement shall be construed to create, impose, or give rise to any duty owed by Owner or Engineer to any Constructor, other third-party individual or entity, or to any surety for or employee of any of them.
 - 2. All duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of Owner and Engineer and not for the benefit of any other party.
 - 3. Owner agrees that the substance of the provisions of this Paragraph 6.08.C shall appear in the Construction Contract Documents.

6.09 *Dispute Resolution*

- A. Owner and Engineer agree to negotiate all disputes between them in good faith for a period of 30 days from the date of notice prior to invoking the procedures of Exhibit H or other provisions of this Agreement, or exercising their rights at law.
- B. If the parties fail to resolve a dispute through negotiation under Paragraph 6.09.A, then either or both may invoke the procedures of Exhibit H. If Exhibit H is not included, or if no dispute resolution method is specified in Exhibit H, then the parties may exercise their rights at law.

6.10 *Environmental Condition of Site*

- A. Owner represents to Engineer that as of the Effective Date to the best of Owner's knowledge no Constituents of Concern, other than those disclosed in writing to Engineer, exist at or adjacent to the Site.
- B. If Engineer encounters or learns of an undisclosed Constituent of Concern at the Site, then Engineer shall notify (1) Owner and (2) appropriate governmental officials if Engineer reasonably concludes that doing so is required by applicable Laws or Regulations.

- C. It is acknowledged by both parties that Engineer's scope of services does not include any services related to unknown or undisclosed Constituents of Concern. If Engineer or any other party encounters, uncovers, or reveals an undisclosed Constituent of Concern, then Owner shall promptly determine whether to retain a qualified expert to evaluate such condition or take any necessary corrective action.
- D. If investigative or remedial action, or other professional services, are necessary with respect to undisclosed Constituents of Concern, or if investigative or remedial action beyond that reasonably contemplated is needed to address a disclosed or known Constituent of Concern, then Engineer may, at its option and without liability for consequential or any other damages, suspend performance of services on the portion of the Project affected thereby until such portion of the Project is no longer affected.
- E. If the presence at the Site of undisclosed Constituents of Concern adversely affects the performance of Engineer's services under this Agreement, then the Engineer shall have the option of (1) accepting an equitable adjustment in its compensation or in the time of completion, or both; or (2) terminating this Agreement for cause on seven days notice.
- F. Owner acknowledges that Engineer is performing professional services for Owner and that Engineer is not and shall not be required to become an "owner," "arranger," "operator," "generator," or "transporter" of hazardous substances, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), as amended, which are or may be encountered at or near the Site in connection with Engineer's activities under this Agreement.

6.11 *Indemnification and Mutual Waiver*

- A. *Indemnification by Engineer:* To the fullest extent permitted by Laws and Regulations, Engineer shall indemnify and hold harmless Owner, and Owner's officers, directors, members, partners, agents, consultants, and employees, from losses, damages, and judgments (including reasonable consultants' and attorneys' fees and expenses) arising from third-party claims or actions relating to the Project, provided that any such claim, action, loss, damages, or judgment is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than the Work itself), including the loss of use resulting therefrom, but only to the extent caused by any negligent act or omission of Engineer or Engineer's officers, directors, members, partners, agents, employees, or Consultants. **This indemnification provision is subject to and limited by the provisions, if any, agreed to by Owner and Engineer in Exhibit I, "Limitations of Liability."**
- B. *Indemnification by Owner:* Owner shall indemnify and hold harmless Engineer and its officers, directors, members, partners, agents, employees, and Consultants as required by Laws and Regulations **and to the extent (if any) required in Exhibit I, "Limitations of Liability."**
- C. *Environmental Indemnification:* To the fullest extent permitted by Laws and Regulations, Owner shall indemnify and hold harmless Engineer and its officers, directors, members, partners, agents, employees, and Consultants from all claims, costs, losses, damages, actions, and judgments (including reasonable consultants' and attorneys' fees and expenses) caused by, arising out of, relating to, or resulting from a Constituent of Concern

at, on, or under the Site, provided that (1) any such claim, cost, loss, damages, action, or judgment is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than the Work itself), including the loss of use resulting therefrom, and (2) nothing in this paragraph shall obligate Owner to indemnify any individual or entity from and against the consequences of that individual's or entity's own negligence or willful misconduct.

- D. *No Defense Obligation:* The indemnification commitments in this Agreement do not include a defense obligation by the indemnitor unless such obligation is expressly stated.
- E. *Percentage Share of Negligence:* To the fullest extent permitted by Laws and Regulations, a party's total liability to the other party and anyone claiming by, through, or under the other party for any cost, loss, or damages caused in part by the negligence of the party and in part by the negligence of the other party or any other negligent entity or individual, shall not exceed the percentage share that the party's negligence bears to the total negligence of Owner, Engineer, and all other negligent entities and individuals.
- F. *Mutual Waiver:* To the fullest extent permitted by Laws and Regulations, Owner and Engineer waive against each other, and the other's employees, officers, directors, members, agents, insurers, partners, and consultants, any and all claims for or entitlement to special, incidental, indirect, or consequential damages arising out of, resulting from, or in any way related to this Agreement or the Project, from any cause or causes.

6.12 *Records Retention*

- A. Engineer shall maintain on file in legible form, for a period of five years following completion or termination of its services, all Documents, records (including cost records), and design calculations related to Engineer's services or pertinent to Engineer's performance under this Agreement. Upon Owner's request, Engineer shall provide a copy of any such item to Owner at cost.

6.13 *Miscellaneous Provisions*

- A. *Notices:* Any notice required under this Agreement will be in writing, addressed to the appropriate party at its address on the signature page and given personally, by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.
- B. *Survival:* All express representations, waivers, indemnifications, and limitations of liability included in this Agreement will survive its completion or termination for any reason.
- C. *Severability:* Any provision or part of the Agreement held to be void or unenforceable under any Laws or Regulations shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon Owner and Engineer, which agree that the Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

- D. *Waiver*: A party's non-enforcement of any provision shall not constitute a waiver of that provision, nor shall it affect the enforceability of that provision or of the remainder of this Agreement.
- E. *Accrual of Claims*: To the fullest extent permitted by Laws and Regulations, all causes of action arising under this Agreement shall be deemed to have accrued, and all statutory periods of limitation shall commence, no later than the date of Substantial Completion.

ARTICLE 7 – DEFINITIONS

7.01 *Defined Terms*

- A. Wherever used in this Agreement (including the Exhibits hereto) terms (including the singular and plural forms) printed with initial capital letters have the meanings indicated in the text above, in the exhibits, or in the following definitions:
 - 1. *Addenda*—Written or graphic instruments issued prior to the opening of bids which clarify, correct, or change the bidding requirements or the proposed Construction Contract Documents.
 - 2. *Additional Services*—The services to be performed for or furnished to Owner by Engineer in accordance with Part 2 of Exhibit A of this Agreement.
 - 3. *Agreement*—This written contract for professional services between Owner and Engineer, including all exhibits identified in Paragraph 8.01 and any duly executed amendments.
 - 4. *Application for Payment*—The form acceptable to Engineer which is to be used by Contractor during the course of the Work in requesting progress or final payments and which is to be accompanied by such supporting documentation as is required by the Construction Contract.
 - 5. *Basic Services*—The services to be performed for or furnished to Owner by Engineer in accordance with Part 1 of Exhibit A of this Agreement.
 - 6. *Change Order*—A document which is signed by Contractor and Owner and authorizes an addition, deletion, or revision in the Work or an adjustment in the Construction Contract Price or the Construction Contract Times, or other revision to the Construction Contract, issued on or after the effective date of the Construction Contract.
 - 7. *Change Proposal*—A written request by Contractor, duly submitted in compliance with the procedural requirements set forth in the Construction Contract, seeking an adjustment in Construction Contract Price or Construction Contract Times, or both; contesting an initial decision by Engineer concerning the requirements of the Construction Contract Documents or the acceptability of Work under the Construction Contract Documents; challenging a set-off against payments due; or seeking other relief with respect to the terms of the Construction Contract.
 - 8. *Constituent of Concern*—Asbestos, petroleum, radioactive material, polychlorinated biphenyls (PCBs), hazardous waste, and any substance, product, waste, or other material

of any nature whatsoever that is or becomes listed, regulated, or addressed pursuant to (a) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§9601 et seq. (“CERCLA”); (b) the Hazardous Materials Transportation Act, 49 U.S.C. §§5501 et seq.; (c) the Resource Conservation and Recovery Act, 42 U.S.C. §§6901 et seq. (“RCRA”); (d) the Toxic Substances Control Act, 15 U.S.C. §§2601 et seq.; (e) the Clean Water Act, 33 U.S.C. §§1251 et seq.; (f) the Clean Air Act, 42 U.S.C. §§7401 et seq.; or (g) any other federal, State, or local statute, law, rule, regulation, ordinance, resolution, code, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic, or dangerous waste, substance, or material.

9. *Construction Contract*—The entire and integrated written contract between the Owner and Contractor concerning the Work.
10. *Construction Contract Documents*—Those items designated as “Contract Documents” in the Construction Contract, and which together comprise the Construction Contract.
11. *Construction Contract Price*—The money that Owner has agreed to pay Contractor for completion of the Work in accordance with the Construction Contract Documents.
12. *Construction Contract Times*—The number of days or the dates by which Contractor shall: (a) achieve milestones, if any, in the Construction Contract; (b) achieve Substantial Completion; and (c) complete the Work.
13. *Construction Cost*—The cost to Owner of the construction of those portions of the entire Project designed or specified by or for Engineer under this Agreement, including construction labor, services, materials, equipment, insurance, and bonding costs, and allowances for contingencies. Construction Cost does not include costs of services of Engineer or other design professionals and consultants; cost of land or rights-of-way, or compensation for damages to property; Owner’s costs for legal, accounting, insurance counseling, or auditing services; interest or financing charges incurred in connection with the Project; or the cost of other services to be provided by others to Owner. Construction Cost is one of the items comprising Total Project Costs.
14. *Contractor*—Any person or entity (not including the Engineer, its employees, agents, representatives, and Consultants), performing or supporting construction activities relating to the Project, including but not limited to Contractors, Subcontractors, Suppliers, Owner’s work forces, utility companies, other contractors, construction managers, testing firms, shippers, and truckers, and the employees, agents, and representatives of any or all of them.
15. *Consultants*—Individuals or entities having a contract with Engineer to furnish services with respect to this Project as Engineer’s independent professional associates and consultants; subcontractors; or vendors.
16. *Contractor*—The entity or individual with which Owner enters into a Construction Contract.
17. *Documents*—Data, reports, Drawings, Specifications, Record Drawings, building information models, civil integrated management models, and other deliverables,

whether in printed or electronic format, provided or furnished in appropriate phases by Engineer to Owner pursuant to this Agreement.

18. *Drawings*—That part of the Construction Contract Documents that graphically shows the scope, extent, and character of the Work to be performed by Contractor.
19. *Effective Date*—The date indicated in this Agreement on which it becomes effective, but if no such date is indicated, the date on which this Agreement is signed and delivered by the last of the parties to sign and deliver.
20. *Engineer*—The individual or entity named as such in this Agreement.
21. *Field Order*—A written order issued by Engineer which requires minor changes in the Work but does not change the Construction Contract Price or the Construction Contract Times.
22. *Laws and Regulations; Laws or Regulations*—Any and all applicable laws, statutes, rules, regulations, ordinances, codes, and orders of any and all governmental bodies, agencies, authorities, and courts having jurisdiction.
23. *Owner*—The individual or entity named as such in this Agreement and for which Engineer's services are to be performed. Unless indicated otherwise, this is the same individual or entity that will enter into any Construction Contracts concerning the Project.
24. *Project*—The total undertaking to be accomplished for Owner by engineers, contractors, and others, including planning, study, design, construction, testing, commissioning, and start-up, and of which the services to be performed or furnished by Engineer under this Agreement are a part.
25. *Record Drawings*—Drawings depicting the completed Project, or a specific portion of the completed Project, prepared by Engineer ~~as an Additional Service~~ and based on Contractor's record copy of all Drawings, Specifications, Addenda, Change Orders, Work Change Directives, Field Orders, and written interpretations and clarifications, as delivered to Engineer and annotated by Contractor to show changes made during construction.
26. *Reimbursable Expenses*—The expenses incurred directly by Engineer in connection with the performing or furnishing of Basic Services and Additional Services for the Project.
27. *Resident Project Representative*—The authorized representative of Engineer assigned to assist Engineer at the Site during the Construction Phase. As used herein, the term Resident Project Representative or "RPR" includes any assistants or field staff of Resident Project Representative. The duties and responsibilities of the Resident Project Representative, if any, are as set forth in Exhibit D.
28. *Samples*—Physical examples of materials, equipment, or workmanship that are representative of some portion of the Work and that establish the standards by which such portion of the Work will be judged.

29. *Shop Drawings*—All drawings, diagrams, illustrations, schedules, and other data or information that are specifically prepared or assembled by or for Contractor and submitted by Contractor to illustrate some portion of the Work. Shop Drawings, whether approved or not, are not Drawings and are not Construction Contract Documents.
30. *Site*—Lands or areas to be indicated in the Construction Contract Documents as being furnished by Owner upon which the Work is to be performed, including rights-of-way and easements, and such other lands furnished by Owner which are designated for the use of Contractor.
31. *Specifications*—The part of the Construction Contract Documents that consists of written requirements for materials, equipment, systems, standards, and workmanship as applied to the Work, and certain administrative requirements and procedural matters applicable to the Work.
32. *Subcontractor*—An individual or entity having a direct contract with Contractor or with any other Subcontractor for the performance of a part of the Work.
33. *Substantial Completion*—The time at which the Work (or a specified part thereof) has progressed to the point where, in the opinion of Engineer, the Work (or a specified part thereof) is sufficiently complete, in accordance with the Construction Contract Documents, so that the Work (or a specified part thereof) can be utilized for the purposes for which it is intended. The terms “substantially complete” and “substantially completed” as applied to all or part of the Work refer to Substantial Completion thereof.
34. *Supplier*—A manufacturer, fabricator, supplier, distributor, materialman, or vendor having a direct contract with Contractor or with any Subcontractor to furnish materials or equipment to be incorporated in the Work by Contractor or a Subcontractor.
35. *Total Project Costs*—The total cost of planning, studying, designing, constructing, testing, commissioning, and start-up of the Project, including Construction Cost and all other Project labor, services, materials, equipment, insurance, and bonding costs, allowances for contingencies, and the total costs of services of Engineer or other design professionals and consultants, together with such other Project-related costs that Owner furnishes for inclusion, including but not limited to cost of land, rights-of-way, compensation for damages to properties, Owner’s costs for legal, accounting, insurance counseling, and auditing services, interest and financing charges incurred in connection with the Project, and the cost of other services to be provided by others to Owner.
36. *Work*—The entire construction or the various separately identifiable parts thereof required to be provided under the Construction Contract Documents. Work includes and is the result of performing or providing all labor, services, and documentation necessary to produce such construction; furnishing, installing, and incorporating all materials and equipment into such construction; and may include related services such as testing, start-up, and commissioning, all as required by the Construction Contract Documents.
37. *Work Change Directive*—A written directive to Contractor issued on or after the effective date of the Construction Contract, signed by Owner and recommended by Engineer, ordering an addition, deletion, or revision in the Work.

38. **Agency— The Rural Utilities Service or any designated representative of Rural Utilities Services, including USDA, Rural Development.**

B. *Day:*

1. The word “day” means a calendar day of 24 hours measured from midnight to the next midnight.

ARTICLE 8 – EXHIBITS AND SPECIAL PROVISIONS

8.01 *Exhibits Included:*

- A. Exhibit A, Engineer’s Services.
- B. Exhibit B, Owner’s Responsibilities.
- C. Exhibit C, Payments to Engineer for Services and Reimbursable Expenses.
- D. Exhibit D, Duties, Responsibilities and Limitations of Authority of Resident Project Representative.
- E. Exhibit E, Notice of Acceptability of Work.
- F. Exhibit F, Construction Cost Limit.
- G. Exhibit G, Insurance.
- H. Exhibit H, Dispute Resolution.
- I. Exhibit I, Limitations of Liability.
- J. Exhibit J, Special Provisions.
- K. Exhibit K, Amendment to Owner-Engineer Agreement.

8.02 *Total Agreement*

- A. This Agreement, (together with the exhibits included above) constitutes the entire agreement between Owner and Engineer and supersedes all prior written or oral understandings. This Agreement may only be amended, supplemented, modified, or canceled by a written instrument duly executed by both parties. Amendments should be based whenever possible on the format of Exhibit K to this Agreement.

8.03 *Designated Representatives*

- A. With the execution of this Agreement, Engineer and Owner shall designate specific individuals to act as Engineer’s and Owner’s representatives with respect to the services to be performed or furnished by Engineer and responsibilities of Owner under this Agreement. Such an individual shall have authority to transmit instructions, receive information, and render decisions relative to this Agreement on behalf of the respective party whom the individual represents.

8.04 *Engineer's Certifications*

- A. Engineer certifies that it has not engaged in corrupt, fraudulent, or coercive practices in competing for or in executing the Agreement. For the purposes of this Paragraph 8.04:
 - 1. "corrupt practice" means the offering, giving, receiving, or soliciting of any thing of value likely to influence the action of a public official in the selection process or in the Agreement execution;
 - 2. "fraudulent practice" means an intentional misrepresentation of facts made (a) to influence the selection process or the execution of the Agreement to the detriment of Owner, or (b) to deprive Owner of the benefits of free and open competition;
 - 3. "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the selection process or affect the execution of the Agreement.

8.05 *Federal Requirements*

- A. **Agency Concurrence.** Signature of a duly authorized representative of the Agency in the space provided on the signature page of EJCDC form E-500 hereof does not constitute a commitment to provide financial assistance or payments hereunder but does signify that this Agreement conforms to Agency's applicable requirements. This Agreement shall not be effective unless the Funding Agency's designated representative concurs. No amendment to this Agreement shall be effective unless the Funding Agency's designated representative concurs.
- B. **Audit and Access to Records.** Owner, Agency, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Engineer which are pertinent to the Agreement, for the purpose of making audits, examinations, excerpts, and transcriptions. Engineer shall maintain all required records for three years after final payment is made and all other pending matters are closed.
- C. **Restrictions on Lobbying.** Engineer and each Consultant shall comply with "Byrd anti-lobbying amendment (31 U.S.C. 1352)" if they are recipients of engineering services contracts and subcontracts that exceed \$100,000 at any tier. If applicable, Engineer must complete a certification form on lobbying activities related to a specific Federal loan or grant that is a funding source for this Agreement. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant, or any other applicable award. Each tier shall disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Certifications and disclosures are forwarded from tier to tier up to the Owner. Necessary certification and disclosure forms shall be provided by Owner.
- D. **Suspension and Debarment.** Engineer certifies, by signing this Agreement, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any Federal

department or agency. Engineer will not contract with any Consultant for this project if it or its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency. Necessary certification forms shall be provided by the Owner. The Engineer will complete and submit a form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – lower tier transactions," to the Owner who will forward it the USDA, Rural Development processing office.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, the Effective Date of which is indicated on page 1.

Owner: **Lower Rio Grande Public Water Works Authority**


By: _____

Print name: Mike McMullen

Title: Board Chairman

Date Signed: February 21, 2018

Engineer: **Bohannan Huston Inc.**

By:  _____

Print name: Matthew R. Thompson

Title: Senior Vice President

Date Signed: 2/14/2018

Engineer License or Firm's Certificate No. (if required): 13868

State of: New Mexico

Address for Owner's receipt of notices:

325 Holguin Road Box C
Vado, NM 88072

Designated Representative (Paragraph 8.03.A):

Karen Nichols

Title: Project Manager

Phone Number: 575-233-5742 ext.1018

E-Mail Address: karen.nichols@lrgauthority.org

Address for Engineer's receipt of notices:

425 S. Telshor Blvd., C-103
Las Cruces, NM 88011

Designated Representative (Paragraph 8.03.A):

Matthew Thompson

Title: Senior Vice President

Phone Number: 575-532-8670

E-Mail Address: mthompson@bhinc.com

This is **EXHIBIT A**, consisting of [19] pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated [2/21/2018].

Engineer's Services

Article 1 of the Agreement is supplemented to include the following agreement of the parties.

Engineer shall provide Basic and Additional Services as set forth below and as further detailed in Appendix 3 to Exhibit C.

PART 1 – BASIC SERVICES

A1.01 *Study and Report Phase*

A. Engineer shall:

1. Consult with Owner to define and clarify Owner's requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility, and expandability, and any budgetary limitations, and identify available data, information, reports, facilities plans, and site evaluations.
 - a. If Owner has already identified one or more potential solutions to meet its Project requirements, then proceed with the study and evaluation of such potential solutions: **[Potential solutions to be evaluated is arsenic treatment for a new groundwater production well.]**
 - b. ~~If Owner has not identified specific potential solutions for study and evaluation, then assist Owner in determining whether Owner's requirements, and available data, reports, plans, and evaluations, point to a single potential solution for Engineer's study and evaluation, or are such that it will be necessary for Engineer to identify, study, and evaluate multiple potential solutions. In addition, Engineer must identify, study, and evaluate multiple potential alternative solutions potentially available to Owner, unless Owner and Engineer mutually agree with Agency concurrence that only one feasible solution exists. The number of alternative solutions should be appropriate to the specific project as concurred in by the Agency.~~
 - c. ~~If it is necessary for Engineer to identify, study, and evaluate multiple potential solutions, then identify [] **[insert specific number]** alternative solutions potentially available to Owner, unless Owner and Engineer mutually agree that some other specific number of alternatives should be identified, studied, and evaluated.~~
2. Identify potential solution(s) to meet Owner's Project requirements, as needed.
3. Study and evaluate the potential solution(s) to meet Owner's Project requirements.

4. Visit the Site, or potential Project sites, to review existing conditions and facilities, unless such visits are not necessary or applicable to meeting the objectives of the Study and Report Phase.
5. Advise Owner of any need for Owner to obtain, furnish, or otherwise make available to Engineer additional Project-related data and information, for Engineer's use in the study and evaluation of potential solution(s) to Owner's Project requirements, and preparation of a related report.
6. After consultation with Owner, recommend to Owner the solution(s) which in Engineer's judgment meet Owner's requirements for the Project.
7. Identify, consult with, and analyze requirements of governmental authorities having jurisdiction to approve the portions of the Project to be designed or specified by Engineer, including but not limited to mitigating measures identified in an environmental assessment for the Project.
8. Prepare a report (the "Report") which will, as appropriate, contain schematic layouts, sketches, and conceptual design criteria with appropriate exhibits to indicate the agreed-to requirements, considerations involved, and Engineer's recommended solution(s). For each recommended solution Engineer will provide the following, which will be separately itemized: opinion of probable Construction Cost; proposed allowances for contingencies; the estimated total costs of design, professional, and related services to be provided by Engineer and its Consultants; and, on the basis of information furnished by Owner, a tabulation of other items and services included within the definition of Total Project Costs. **The Report mentioned in paragraph 1.01.A.8 of Exhibit A to the Agreement is the Preliminary Engineering Report as defined in RUS Bulletin 1780-2. This document must meet customary professional standards as required by 7 CFR 1780.55. The Report must be concurred in by the Agency.**
9. Advise Owner of any need for Owner to provide data or services of the types described in Exhibit B, for use in Project design, or in preparation for Contractor selection and construction.
10. When mutually agreed **and approved by the Agency**, assist Owner in evaluating the possible use of building information modeling; civil integrated management; geotechnical baselining of subsurface site conditions; innovative design, contracting, or procurement strategies; or other strategies, technologies, or techniques for assisting in the design, construction, and operation of Owner's facilities. The subject matter of this paragraph shall be referred to in Exhibit A and B as "Project Strategies, Technologies, and Techniques."
11. If requested to do so by Owner, assist Owner in identifying opportunities for enhancing the sustainability of the Project, and pursuant to Owner's instructions plan for the inclusion of sustainable features in the design.
12. Use ASCE 38, "Standard Guideline for the Collection and Depiction of Existing Subsurface Utility Data" as a means to advise the Owner on a recommended scope of work and procedure for the identification and mapping of existing utilities.

Exhibit A – Engineer's Services

EJCDC® E-500, Agreement Between Owner and Engineer for Professional Services.

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13. Develop a scope of work and survey limits for any topographic and other surveys necessary for design.
 14. Perform or provide the following other Study and Report Phase tasks or deliverables: **[Provide an Environmental Report as defined at 7 CFR 1970 or other Agency approved format. The Environmental Report must be concurred in by the Agency.]**
 15. Furnish 1 review copies of the Report and any other Study and Report Phase deliverables to Owner within 90 days of the Effective Date and review it with Owner. Within 30 days of receipt, Owner shall submit to Engineer any comments regarding the furnished items.
 16. **Revise the Report and any other Study and Report Phase deliverables in response to Owner's and Agency's comments, as appropriate, and furnish three (1) written copies and one (1) electronic copy of the revised Report and any other Study and Report Phase deliverables to the Owner within [30] days of receipt of Owner's and Agency's comments.**
- B. Engineer's services under the Study and Report Phase will be considered complete on the date when Engineer has delivered to Owner the revised Report and any other Study and Report Phase deliverables.

A1.02 *Preliminary Design Phase*

- A. After acceptance by Owner **and concurrence by Agency** of the Report and any other Study and Report Phase deliverables; selection by Owner of a recommended solution; issuance by Owner of any instructions of for use of Project Strategies, Technologies, and Techniques, or for inclusion of sustainable features in the design; and indication by Owner of any specific modifications or changes in the scope, extent, character, or design requirements of the Project desired by Owner, (1) Engineer and Owner shall discuss and resolve any necessary revisions to Engineer's compensation (through application of the provisions regarding Additional Services, or otherwise), or the time for completion of Engineer's services, resulting from the selected solution, related Project Strategies, Technologies, or Techniques, sustainable design instructions, or specific modifications to the Project, and (2) upon written authorization from Owner, Engineer shall:
1. Prepare Preliminary Design Phase documents consisting of final design criteria, preliminary drawings, outline specifications, and written descriptions of the Project.
 2. In preparing the Preliminary Design Phase documents, use any specific applicable Project Strategies, Technologies, and Techniques authorized by Owner **and Agency** during or following the Study and Report Phase, and include sustainable features, as appropriate, pursuant to Owner's instructions.
 3. Provide necessary field surveys and topographic and utility mapping for Engineer's design purposes. Comply with the scope of work and procedure for the identification and mapping of existing utilities selected and authorized by Owner pursuant to advice from Engineer based on ASCE 38, "Standard Guideline for the Collection and Depiction of Existing Subsurface Utility Data," as set forth in Paragraph A1.01.A.12 above. If no such scope of work and procedure for utility mapping has been selected and authorized,

then at a minimum the utility mapping will include Engineer contacting utility owners and obtaining available information.

4. Visit the Site as needed to prepare the Preliminary Design Phase documents.
 5. Advise Owner if additional reports, data, information, or services of the types described in Exhibit B are necessary and assist Owner in obtaining such reports, data, information, or services.
 6. Continue to assist Owner with Project Strategies, Technologies, and Techniques that Owner has chosen to implement.
 7. Based on the information contained in the Preliminary Design Phase documents, prepare a revised opinion of probable Construction Cost, and assist Owner in tabulating the various cost categories which comprise Total Project Costs.
 8. Obtain and review Owner's instructions regarding Owner's procurement of construction services (including instructions regarding advertisements for bids, instructions to bidders, and requests for proposals, as applicable), Owner's construction contract practices and requirements, insurance and bonding requirements, electronic transmittals during construction, and other information necessary for the finalization of Owner's bidding-related documents (or requests for proposals or other construction procurement documents), and Construction Contract Documents. Also obtain and review copies of Owner's design and construction standards, Owner's standard forms, general conditions (if other than EJCDC® C-700, Standard General Conditions of the Construction Contract, 2013 Edition), supplementary conditions, text, and related documents or content for Engineer to include in the draft bidding-related documents (or requests for proposals or other construction procurement documents), and in the draft Construction Contract Documents, when applicable. **Engineer must also incorporate all Agency regulations, forms, and design and construction standards applicable to the project in development of the documents indicated in this Article.**
 9. Perform or provide the following other Preliminary Design Phase tasks or deliverables:
None
 10. Furnish (*) review copies of the Preliminary Design Phase documents, opinion of probable Construction Cost, and any other Preliminary Design Phase deliverables to Owner within (*) days of authorization to proceed with this phase, and review them with Owner. Within (*) days of receipt, Owner shall submit to Engineer any comments regarding the furnished items.
 11. Revise the Preliminary Design Phase documents, opinion of probable Construction Cost, and any other Preliminary Design Phase deliverables in response to Owner's comments, as appropriate, and furnish to Owner (*) copies of the revised Preliminary Design Phase documents, revised opinion of probable Construction Cost, and any other deliverables within (*) days after receipt of Owner's comments.
- B. Engineer's services under the Preliminary Design Phase will be considered complete on the date when Engineer has delivered to Owner the revised Preliminary Design Phase documents,

revised opinion of probable Construction Cost, and any other Preliminary Design Phase deliverables.

A1.03 *Final Design Phase*

- A. After acceptance by Owner of the Preliminary Design Phase documents, revised opinion of probable Construction Cost as determined in the Preliminary Design Phase, and any other Preliminary Design Phase deliverables, subject to any Owner-directed modifications or changes in the scope, extent, character, or design requirements of or for the Project, and upon written authorization from Owner, Engineer shall:
1. Prepare final Drawings and Specifications indicating the scope, extent, and character of the Work to be performed and furnished by Contractor.
 2. Visit the Site as needed to assist in preparing the final Drawings and Specifications.
 3. Provide technical criteria, written descriptions, and design data for Owner's use in filing applications for permits from or approvals of governmental authorities having jurisdiction to review or approve the final design; assist Owner in consultations with such authorities; and revise the Drawings and Specifications in response to directives from such authorities, as appropriate.
 4. Advise Owner of any recommended adjustments to the opinion of probable Construction Cost.
 5. After consultation with Owner, include in the Construction Contract Documents any specific protocols for the transmittal of Project-related correspondence, documents, text, data, drawings, information, and graphics, in electronic media or digital format, either directly, or through access to a secure Project website. Any such protocols shall be applicable to transmittals between and among Owner, Engineer, and Contractor during the Construction Phase and Post-Construction Phase, and unless agreed otherwise shall supersede any conflicting protocols previously established for transmittals between Owner and Engineer.
 6. Assist Owner in assembling known reports and drawings of Site conditions, and in identifying the technical data contained in such reports and drawings upon which bidders or other prospective contractors may rely.
 7. In addition to preparing the final Drawings and Specifications, assemble drafts of other Construction Contract Documents based on specific instructions and contract forms, text, or content received from Owner.
 8. Prepare or assemble draft bidding-related documents (or requests for proposals or other construction procurement documents), based on the specific bidding or procurement-related instructions and forms, text, or content received from Owner.
 9. Perform or provide the following other Final Design Phase tasks or deliverables:
The Engineer shall identify the building codes and accessibility standards used in the design and indicate them on the drawings and specifications and certify that the final drawings and specifications comply with those standards.

10. Furnish for review by Owner, its legal counsel **and Agency**, and other advisors, (*) copies of the final Drawings and Specifications, assembled drafts of other Construction Contract Documents, the draft bidding-related documents (or requests for proposals or other construction procurement documents), and any other Final Design Phase deliverables, within (*) days of authorization to proceed with the Final Design Phase, and review them with Owner. Within (*) days of receipt, Owner shall submit to Engineer any comments regarding the furnished items, and any instructions for revisions.
 11. Revise the final Drawings and Specifications, assembled drafts of other Construction Contract Documents, the draft bidding-related documents (or requests for proposals or other construction procurement documents), and any other Final Design Phase deliverables in accordance with comments and instructions from the Owner, as appropriate, and submit (*) final copies of such documents to Owner within (*) days after receipt of Owner's comments and instructions.
 12. **Provide the Owner and Agency with a written certification that the final Drawings and Specifications, other assembled Construction Contract Documents, bidding-related documents (or requests for proposals or other construction procurement documents), and any other Final Design Phase deliverables comply with all requirements of Agency. Use the Engineer's Certification of Final Plans and Specifications (Attachment J of the RUS Bulletin 1780-26) for this purpose.**
 13. **Services required to determine and certify that to the best of the Engineer's knowledge and belief all iron and steel products referenced in engineering analysis, the Plans, Specifications, Bidding Documents, and associated Bid Addenda requiring design revisions are either produced in the United States or are the subject of an approved waiver; and services required to determine to the best of the engineer's knowledge and belief that approved substitutes, equals, and all iron and steel products proposed in the shop drawings, Change Orders and Partial Payment Estimates are either produced in the United States or are the subject of an approved waiver under Section 746 of Title VII of the Consolidated Appropriations Act of 2017 (Division A - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017) and subsequent statutes mandating domestic preference. The term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. The deminimis and minor components waiver {add project specific waivers as applicable} apply to this contract.**
- B. Engineer's services under the Final Design Phase will be considered complete on the date when Engineer has delivered to Owner the final Drawings and Specifications, other assembled Construction Contract Documents, bidding-related documents (or requests for proposals or other construction procurement documents), and any other Final Design Phase deliverables **and all final design phase deliverables have been accepted by Owner.**
- C. In the event that the Work designed or specified by Engineer is to be performed or furnished under more than one prime contract, or if Engineer's services are to be separately sequenced with the work of one or more prime Contractors (such as in the case of fast-tracking), Owner and Engineer shall, prior to commencement of the Final Design Phase, develop a schedule for

performance of Engineer's services during the Final Design, Bidding or Negotiating, Construction, and Post-Construction Phases in order to sequence and coordinate properly such services as are applicable to the work under such separate prime contracts. This schedule is to be prepared and included in or become an amendment to Exhibit A whether or not the work under such contracts is to proceed concurrently.

- D. The number of prime contracts for Work designed or specified by Engineer upon which the Engineer's compensation has been established under this Agreement is [*] (*). If more prime contracts are awarded, Engineer shall be entitled to an equitable increase in its compensation under this Agreement.

A1.04 *Bidding or Negotiating Phase*

- A. After acceptance by Owner of the final Drawings and Specifications, other Construction Contract Documents, bidding-related documents (or requests for proposals or other construction procurement documents), and the most recent opinion of probable Construction Cost as determined in the Final Design Phase, and upon written authorization by Owner to proceed, Engineer shall:
1. Assist Owner in advertising for and obtaining bids or proposals for the Work, assist Owner in issuing assembled design, contract, and bidding-related documents (or requests for proposals or other construction procurement documents) to prospective contractors, and, where applicable, maintain a record of prospective contractors to which documents have been issued, attend pre-bid conferences, if any, and receive and process contractor deposits or charges for the issued documents.
 2. Prepare and issue Addenda as appropriate to clarify, correct, or change the issued documents. **Obtain Agency concurrence on any addenda that modify the bidding documents. Obtain prior concurrence where possible.**
 3. Provide information or assistance needed by Owner in the course of any review of proposals or negotiations with prospective contractors.
 4. Consult with Owner as to the qualifications of prospective contractors.
 5. Consult with Owner as to the qualifications of subcontractors, suppliers, and other individuals and entities proposed by prospective contractors, for those portions of the Work as to which review of qualifications is required by the issued documents.
 6. ~~If the issued documents require, the Engineer shall evaluate and determine the acceptability of "or equals" and substitute materials and equipment proposed by prospective contractors, provided that such proposals are allowed by the bidding-related documents (or requests for proposals or other construction procurement documents) prior to award of contracts for the Work. Services under this paragraph are subject to the provisions of Paragraph A2.02.A.2 of this Exhibit A.~~ **The Engineer shall evaluate and determine the acceptability of "or equals" and substitute materials and equipment proposed by prospective contractors prior to award of contracts for the Work. Engineer shall issue a bid addendum for any and all approved "or equals" and substitutes. Review of substitutes and "or equals" shall be in accordance with the General Conditions of the Construction Contract and applicable Agency regulations.**

Services under this paragraph are subject to the provisions of Paragraph A2.02.A.2 of this Exhibit A.

7. Attend the bid opening, prepare bid tabulation sheets to meet Owner's schedule, and assist Owner in evaluating bids or proposals, assembling final contracts for the Work for execution by Owner and Contractor, and in issuing notices of award of such contracts.
 8. If Owner engages in negotiations with bidders or proposers, assist Owner with respect to technical and engineering issues that arise during the negotiations.
 9. Perform or provide the following other Bidding or Negotiating Phase tasks or deliverables: **Upon award of the Construction Contract, the Engineer shall furnish to Owner five executed copies of the Contract Documents and one electronic copy of the signed documents, including Drawings and Specifications.**
 10. **Provide copies of Manufacturers' Certification letters to the Bidders on any brand name iron and steel products along with the Plans, Specifications and Bidding Documents. Manufacturers' Certification Letters are to be included in the Bidding Documents and must be kept in the engineer's project file and on site during construction.**
 11. **Provide copies of Manufacturers' Certification letters to the Contractor on any brand name iron and steel products along with the Plans, Specifications, Bidding Documents including any Bid Addenda and Change Orders. Manufacturers' Certification Letters must be kept in the engineer's project file and on site during construction.**
- B. The Bidding or Negotiating Phase will be considered complete upon commencement of the Construction Phase or upon cessation of negotiations with prospective contractors (except as may be required if Exhibit F is a part of this Agreement).

A1.05 *Construction Phase*

- A. Upon successful completion of the Bidding and Negotiating Phase, and upon written authorization from Owner, Engineer shall:
1. *General Administration of Construction Contract:* Consult with Owner and act as Owner's representative as provided in the Construction Contract. The extent and limitations of the duties, responsibilities, and authority of Engineer shall be as assigned in EJCDC® C-700, Standard General Conditions of the Construction Contract (2013 Edition), prepared by the Engineers Joint Contract Documents Committee, or other construction general conditions specified in this Agreement. If Owner, or Owner and Contractor, modify the duties, responsibilities, and authority of Engineer in the Construction Contract, or modify other terms of the Construction Contract having a direct bearing on Engineer, then Owner shall compensate Engineer for any related increases in the cost to provide Construction Phase services. Engineer shall not be required to furnish or perform services contrary to Engineer's responsibilities as a licensed professional. All of Owner's instructions to Contractor will be issued through Engineer, which shall have authority to act on behalf of Owner in dealings with Contractor to the extent provided in this Agreement and the Construction Contract except as otherwise provided in writing.

2. *Resident Project Representative (RPR):* Provide the services of an RPR at the Site to assist the Engineer and to provide more extensive observation of Contractor's work. Duties, responsibilities, and authority of the RPR are as set forth in Exhibit D. The furnishing of such RPR's services will not limit, extend, or modify Engineer's responsibilities or authority except as expressly set forth in Exhibit D.
3. *Selection of Independent Testing Laboratory:* Assist Owner in the selection of an independent testing laboratory to perform the services identified in Exhibit B, Paragraph B2.01.
4. *Pre-Construction Conference:* Participate in **and chair** a pre-construction conference prior to commencement of Work at the Site.
5. *Electronic Transmittal Protocols:* If the Construction Contract Documents do not specify protocols for the transmittal of Project-related correspondence, documents, text, data, drawings, information, and graphics, in electronic media or digital format, either directly, or through access to a secure Project website, then together with Owner and Contractor jointly develop such protocols for transmittals between and among Owner, Contractor, and Engineer during the Construction Phase and Post-Construction Phase.
6. *Original Documents:* ~~If requested by Owner to do so,~~ maintain and safeguard during the Construction Phase at least one original printed record version of the Construction Contract Documents, including Drawings and Specifications signed and sealed by Engineer and other design professionals in accordance with applicable Laws and Regulations. Throughout the Construction Phase, make such original printed record version of the Construction Contract Documents available to Contractor and Owner for review.
7. *Schedules:* Receive, review, and determine the acceptability of any and all schedules that Contractor is required to submit to Engineer, including the Progress Schedule, Schedule of Submittals, and Schedule of Values.
8. *Baselines and Benchmarks:* As appropriate, establish baselines and benchmarks for locating the Work which in Engineer's judgment are necessary to enable Contractor to proceed.
9. *Visits to Site and Observation of Construction:* In connection with observations of Contractor's Work while it is in progress:
 - a. Make visits to the Site at intervals appropriate to the various stages of construction, as Engineer deems necessary, to observe as an experienced and qualified design professional the progress of Contractor's executed Work. Such visits and observations by Engineer, and the Resident Project Representative, if any, are not intended to be exhaustive or to extend to every aspect of the Work or to involve detailed inspections of the Work beyond the responsibilities specifically assigned to Engineer in this Agreement and the Construction Contract Documents, but rather are to be limited to spot checking, selective sampling, and similar methods of general observation of the Work based on Engineer's exercise of professional judgment, as assisted by the Resident Project Representative, if any. Based on information obtained during such visits and observations, Engineer will determine

Exhibit A – Engineer's Services

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in general if the Work is proceeding in accordance with the Construction Contract Documents, and Engineer shall keep Owner informed of the progress of the Work.

- b. The purpose of Engineer's visits to the Site, and representation by the Resident Project Representative, if any, at the Site, will be to enable Engineer to better carry out the duties and responsibilities assigned to and undertaken by Engineer during the Construction Phase, and, in addition, by the exercise of Engineer's efforts as an experienced and qualified design professional, to provide for Owner a greater degree of confidence that the completed Work will conform in general to the Construction Contract Documents and that Contractor has implemented and maintained the integrity of the design concept of the completed Project as a functioning whole as indicated in the Construction Contract Documents. Engineer shall not, during such visits or as a result of such observations of the Work, supervise, direct, or have control over the Work, nor shall Engineer have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected or used by any Constructor, for security or safety at the Site, for safety precautions and programs incident to any Constructor's work in progress, for the coordination of the Constructors' work or schedules, nor for any failure of any Constructor to comply with Laws and Regulations applicable to furnishing and performing of its work. Accordingly, Engineer neither guarantees the performance of any Constructor nor assumes responsibility for any Constructor's failure to furnish or perform the Work, or any portion of the Work, in accordance with the Construction Contract Documents.
 - c. **The visits described in Article A1.05.A.9.a shall be at least monthly and the Engineer shall document all visits to the project with copies furnished to the Owner and Agency.**
10. *Defective Work:* Reject Work if, on the basis of Engineer's observations, Engineer believes that such Work is defective under the terms and standards set forth in the Construction Contract Documents. Provide recommendations to Owner regarding whether Contractor should correct such Work or remove and replace such Work, or whether Owner should consider accepting such Work as provided in the Construction Contract Documents.
 11. *Compatibility with Design Concept:* If Engineer has express knowledge that a specific part of the Work that is not defective under the terms and standards set forth in the Construction Contract Documents is nonetheless not compatible with the design concept of the completed Project as a functioning whole, then inform Owner of such incompatibility, and provide recommendations for addressing such Work.
 12. *Clarifications and Interpretations:* Accept from Contractor and Owner submittal of all matters in question concerning the requirements of the Construction Contract Documents (sometimes referred to as requests for information or interpretation—RFIs), or relating to the acceptability of the Work under the Construction Contract Documents. With reasonable promptness, render a written clarification, interpretation, or decision on the issue submitted, or initiate an amendment or supplement to the Construction Contract Documents.

13. *Non-reviewable Matters:* If a submitted matter in question concerns the Engineer's performance of its duties and obligations, or terms and conditions of the Construction Contract Documents that do not involve (1) the performance or acceptability of the Work under the Construction Contract Documents, (2) the design (as set forth in the Drawings, Specifications, or otherwise), or (3) other engineering or technical matters, then Engineer will promptly give written notice to Owner and Contractor that Engineer will not provide a decision or interpretation.
14. *Field Orders:* Subject to any limitations in the Construction Contract Documents, Engineer may prepare and issue Field Orders requiring minor changes in the Work.
15. *Change Orders and Work Change Directives:* Recommend Change Orders and Work Change Directives to Owner, as appropriate, and prepare Change Orders and Work Change Directives as required.
16. *Differing Site Conditions:* Respond to any notice from Contractor of differing site conditions, including conditions relating to underground facilities such as utilities, and hazardous environmental conditions. Promptly conduct reviews and prepare findings, conclusions, and recommendations for Owner's use.
17. *Shop Drawings, Samples, and Other Submittals:* **Review and approve or take other appropriate action with respect to Shop Drawings, Samples, and other required Contractor submittals to ensure compliance with American and Iron Steel requirements mandated by Section 746 of Title VII of the Consolidated Appropriations Act of 2017 (Division A - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017) and subsequent statutes mandating domestic preference. Any iron and steel products included in any submittal by the General Contractor, must include a Manufacturers' Certification letter to verify the products were produced in the United States. Copies of Manufacturers' Certification letters must be kept in the engineer's project file and on site during construction.** Review and approve or take other appropriate action with respect to Shop Drawings, Samples, and other required Contractor submittals, but only for conformance with the information given in the Construction Contract Documents and compatibility with the design concept of the completed Project as a functioning whole as indicated by the Construction Contract Documents. Such reviews and approvals or other action will not extend to means, methods, techniques, sequences, or procedures of construction or to safety precautions and programs incident thereto. Engineer shall meet any Contractor's submittal schedule that Engineer has accepted.
18. *Substitutes and "Or-equal":* Evaluate and determine the acceptability of substitute or "or-equal" materials and equipment proposed by Contractor, but subject to the provisions of Paragraph A2.02.A.2 of this Exhibit A. **Review of substitutes and "or equals" shall be in accordance with the General Conditions of the Construction Contract and applicable Agency regulations. Prior to approval of any substitute "or equal" obtain a Manufacturers' Certification letter to verify the products were produced in the United States. Manufacturers' Certification letters must be kept in the engineer's project file and on site during construction to ensure compliance with American and Iron Steel requirements mandated by Section 746 of Title VII of the Consolidated Appropriations Act of 2017 (Division A - Agriculture, Rural Development,**

Food and Drug Administration, and Related Agencies Appropriations Act, 2017) and subsequent statutes mandating domestic preference, if applicable.

19. *Inspections and Tests:*

- a. Receive and review all certificates of inspections, tests, and approvals required by Laws and Regulations or the Construction Contract Documents. Engineer's review of such certificates will be for the purpose of determining that the results certified indicate compliance with the Construction Contract Documents and will not constitute an independent evaluation that the content or procedures of such inspections, tests, or approvals comply with the requirements of the Construction Contract Documents. Engineer shall be entitled to rely on the results of such inspections and tests.
- b. As deemed reasonably necessary, request that Contractor uncover Work that is to be inspected, tested, or approved.
- c. Pursuant to the terms of the Construction Contract, require special inspections or testing of the Work, whether or not the Work is fabricated, installed, or completed.
- d. **Receive and review all Manufacturers' Certification Letters for materials required to comply with American and Iron Steel requirements mandated by Section 746 of Title VII of the Consolidated Appropriations Act of 2017 (Division A - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017) and subsequent statutes mandating domestic preference to verify the products were produced in the United States. Manufacturers' Certification letters must be kept in the engineer's project file and on site during construction.**

20. *Change Proposals and Claims:* (a) Review and respond to Change Proposals. Review each duly submitted Change Proposal from Contractor and, within 30 days after receipt of the Contractor's supporting data, either deny the Change Proposal in whole, approve it in whole, or deny it in part and approve it in part. Such actions shall be in writing, with a copy provided to Owner and Contractor. If the Change Proposal does not involve the design (as set forth in the Drawings, Specifications, or otherwise), the acceptability of the Work, or other engineering or technical matters, then Engineer will notify the parties that the Engineer will not resolve the Change Proposal. (b) Provide information or data to Owner regarding engineering or technical matters pertaining to Claims. **(c) Review Change Proposals to ensure compliance with American and Iron Steel requirements mandated by Section 746 of Title VII of the Consolidated Appropriations Act of 2017 (Division A - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017) and subsequent statutes mandating domestic preference.**

21. *Applications for Payment:* Based on Engineer's observations as an experienced and qualified design professional and on review of Applications for Payment and accompanying supporting documentation:

- a. Determine the amounts that Engineer recommends Contractor be paid. Recommend reductions in payment (set-offs) based on the provisions for set-offs

stated in the Construction Contract. Such recommendations of payment will be in writing and will constitute Engineer's representation to Owner, based on such observations and review, that, to the best of Engineer's knowledge, information and belief, Contractor's Work has progressed to the point indicated, the Work is generally in accordance with the Construction Contract Documents (subject to an evaluation of the Work as a functioning whole prior to or upon Substantial Completion, to the results of any subsequent tests called for in the Construction Contract Documents, and to any other qualifications stated in the recommendation), and the conditions precedent to Contractor's being entitled to such payment appear to have been fulfilled in so far as it is Engineer's responsibility to observe the Work. In the case of unit price Work, Engineer's recommendations of payment will include final determinations of quantities and classifications of the Work (subject to any subsequent adjustments allowed by the Construction Contract Documents).

- b. By recommending payment, Engineer shall not thereby be deemed to have represented that observations made by Engineer to check the quality or quantity of Contractor's Work as it is performed and furnished have been exhaustive, extended to every aspect of Contractor's Work in progress, or involved detailed inspections of the Work beyond the responsibilities specifically assigned to Engineer in this Agreement. Neither Engineer's review of Contractor's Work for the purposes of recommending payments nor Engineer's recommendation of any payment including final payment will impose on Engineer responsibility to supervise, direct, or control the Work, or for the means, methods, techniques, sequences, or procedures of construction or safety precautions or programs incident thereto, or Contractor's compliance with Laws and Regulations applicable to Contractor's furnishing and performing the Work. It will also not impose responsibility on Engineer to make any examination to ascertain how or for what purposes Contractor has used the money paid to Contractor by Owner; to determine that title to any portion of the Work, including materials or equipment, has passed to Owner free and clear of any liens, claims, security interests, or encumbrances; or that there may not be other matters at issue between Owner and Contractor that might affect the amount that should be paid.

22. *Contractor's Completion Documents:* Receive from Contractor, review, and transmit to Owner maintenance and operating instructions, schedules, guarantees, bonds, certificates or other evidence of insurance required by the Construction Contract Documents, certificates of inspection, tests and approvals, and Shop Drawings, Samples, and other data approved as provided under Paragraph A1.05.A.17. ~~Receive from Contractor, review, and transmit to Owner the annotated record documents which are to be assembled by Contractor in accordance with the Construction Contract Documents to obtain final payment. The extent of Engineer's review of record documents shall be to check that Contractor has submitted all pages.~~ **Receive from Contractor and review the annotated record documents which are to be assembled by Contractor in accordance with the Construction Contract Documents to obtain final payment. The Engineer shall prepare Record Drawings, and furnish such Record Drawings to Owner.**

23. *Substantial Completion:* Promptly after notice from Contractor that Contractor considers the entire Work ready for its intended use, in company with Owner and

Contractor, visit the Site to review the Work and determine the status of completion. Follow the procedures in the Construction Contract regarding the preliminary certificate of Substantial Completion, punch list of items to be completed, Owner's objections, notice to Contractor, and issuance of a final certificate of Substantial Completion. Assist Owner regarding any remaining engineering or technical matters affecting Owner's use or occupancy of the Work following Substantial Completion.

24. *Other Tasks:* Perform or provide the following other Construction Phase tasks or deliverables:
 - a. **Upon Substantial Completion, the Engineer shall provide a copy of the Certificate of Substantial Completion to the Agency.**
 25. *Final Notice of Acceptability of the Work:* Conduct a final visit to the Project to determine if the Work is complete and acceptable so that Engineer may recommend, in writing, final payment to Contractor. Accompanying the recommendation for final payment, Engineer shall also provide a notice to Owner and Contractor in the form attached hereto as Exhibit E ("Notice of Acceptability of Work") that the Work is acceptable (subject to the provisions of the Notice and Paragraph A1.05.A.21.b) to the best of Engineer's knowledge, information, and belief, and based on the extent of the services provided by Engineer under this Agreement.
 - a. **Obtain the Contractors' Certification letter and copies of Manufacturers' Certification letters for all American Iron and Steel products used in the project. Upon Substantial Completion, provide copies of Engineer's, Contractors', and Manufacturers' Certification letters to the Owner and a copy of Contractor's Certification letter to the Agency. Provide a list of manufacturers of American Iron and Steel products used in the project and include manufacturer's name and location, and product(s) to the Agency.**
 26. *Standards for Certain Construction-Phase Decisions:* Engineer will render decisions regarding the requirements of the Construction Contract Documents, and judge the acceptability of the Work, pursuant to the specific procedures set forth in the Construction Contract for initial interpretations, Change Proposals, and acceptance of the Work. In rendering such decisions and judgments, Engineer will not show partiality to Owner or Contractor, and will not be liable to Owner, Contractor, or others in connection with any proceedings, interpretations, decisions, or judgments conducted or rendered in good faith.
- B. *Duration of Construction Phase:* The Construction Phase will commence with the execution of the first Construction Contract for the Project or any part thereof and will terminate upon written recommendation by Engineer for final payment to Contractors. If the Project involves more than one prime contract as indicated in Paragraph A1.03.D, then Construction Phase services may be rendered at different times in respect to the separate contracts. Subject to the provisions of Article 3, Engineer shall be entitled to an equitable increase in compensation if Construction Phase services (including Resident Project Representative services, if any) are required after the original date for completion and readiness for final payment of Contractor as set forth in the Construction Contract.

A1.06 *Post-Construction Phase*

- A. Upon written authorization from Owner during the Post-Construction Phase, Engineer shall:
1. Together with Owner, visit the Project to observe any apparent defects in the Work, make recommendations as to replacement or correction of defective Work, if any, or the need to repair of any damage to the Site or adjacent areas, and assist Owner in consultations and discussions with Contractor concerning correction of any such defective Work and any needed repairs.
 2. Together with Owner, visit the Project within one month before the end of the Construction Contract's correction period to ascertain whether any portion of the Work or the repair of any damage to the Site or adjacent areas is defective and therefore subject to correction by Contractor.
 3. Perform or provide the following other Post-Construction Phase tasks or deliverables:
 - a. None
- B. The Post-Construction Phase services may commence during the Construction Phase and, if not otherwise modified in this Exhibit A, will terminate twelve months after the commencement of the Construction Contract's correction period.

PART 2 – ADDITIONAL SERVICES

A2.01 *Additional Services Requiring Owner's Written Authorization*

- A. If authorized in writing by Owner, Engineer shall provide Additional Services of the types listed below. These services are not included as part of Basic Services and will be paid for by Owner as indicated in Exhibit C.
1. Preparation of applications and supporting documents (in addition to those furnished under Basic Services) for private or governmental grants, loans, or advances in connection with the Project; preparation or review of environmental assessments and impact statements **not including preparation of the Environmental Report defined under Basic Services**; review and evaluation of the effects on the design requirements for the Project of any such statements and documents prepared by others; and assistance in obtaining approvals of authorities having jurisdiction over the anticipated environmental impact of the Project.
 2. Services to make measured drawings of existing conditions or facilities, to conduct tests or investigations of existing conditions or facilities, or to verify the accuracy of drawings or other information furnished by Owner or others.
 3. Services resulting from significant changes in the scope, extent, or character of the portions of the Project designed or specified by Engineer, or the Project's design requirements, including, but not limited to, changes in size, complexity, Owner's schedule, character of construction, or method of financing; and revising previously accepted studies, reports, Drawings, Specifications, or Construction Contract Documents when such revisions are required by changes in Laws and Regulations enacted

subsequent to the Effective Date or are due to any other causes beyond Engineer's control.

4. Services resulting from Owner's request to evaluate additional Study and Report Phase alternative solutions beyond those agreed to in Paragraph A1.01.A.1 and 2, **but only if the Owner's request is made after completion of the Study and Report Phase.**
5. Services required as a result of Owner's providing incomplete or incorrect Project information to Engineer.
6. Providing renderings or models for Owner's use, including services in support of building information modeling or civil integrated management.
7. Undertaking investigations and studies including, but not limited to:
 - a. detailed consideration of operations, maintenance, and overhead expenses;
 - b. the preparation of feasibility studies (such as those that include projections of output capacity, utility project rates, project market demand, or project revenues) and cash flow analyses, provided that such services are based on the engineering and technical aspects of the Project, and do not include rendering advice regarding municipal financial products or the issuance of municipal securities;
 - c. preparation of appraisals;
 - d. evaluating processes available for licensing, and assisting Owner in obtaining process licensing;
 - e. detailed quantity surveys of materials, equipment, and labor; and
 - f. audits or inventories required in connection with construction performed or furnished by Owner.
8. Furnishing services of Consultants for other than Basic Services.
9. Providing data or services of the types described in Exhibit B, when Owner retains Engineer to provide such data or services instead of Owner furnishing the same.
10. Providing the following services:
 - a. Services attributable to more prime construction contracts than specified in Paragraph A1.03.D.
 - b. Services to arrange for performance of construction services for Owner by contractors other than the principal prime Contractor, and administering Owner's contract for such services.
11. Services during out-of-town travel required of Engineer, other than for visits to the Site or Owner's office as required in Basic Services (Part 1 of Exhibit A).

Exhibit A – Engineer's Services

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12. Preparing for, coordinating with, participating in and responding to structured independent review processes, including, but not limited to, construction management, cost estimating, project peer review, value engineering, and constructibility review requested by Owner; and performing or furnishing services required to revise studies, reports, Drawings, Specifications, or other documents as a result of such review processes.
13. Preparing additional bidding-related documents (or requests for proposals or other construction procurement documents) or Construction Contract Documents for alternate bids or cost estimates requested by Owner for the Work or a portion thereof.
14. Assistance in connection with bid protests, rebidding, or renegotiating contracts for construction, materials, equipment, or services, except when such assistance is required to complete services required by Paragraph 5.02.A and Exhibit F.
15. Preparing conformed Construction Contract Documents that incorporate and integrate the content of all Addenda and any amendments negotiated by Owner and Contractor.
16. Providing Construction Phase services beyond the original date for completion and readiness for final payment of Contractor, but only if such services increase the total quantity of services to be performed in the Construction Phase, rather than merely shifting performance of such services to a later date.
- ~~17. Preparing Record Drawings, and furnishing such Record Drawings to Owner. [Deleted]~~
18. Supplementing Record Drawings with information regarding the completed Project, Site, and immediately adjacent areas obtained from field observations, Owner, utility companies, and other reliable sources.
19. Conducting surveys, investigations, and field measurements to verify the accuracy of Record Drawing content obtained from Contractor, Owner, utility companies, and other sources; revise and supplement Record Drawings as needed.
20. Preparation of operation, maintenance, and staffing manuals.
21. Protracted or extensive assistance in refining and adjusting of Project equipment and systems (such as initial startup, testing, and balancing).
22. Assistance to Owner in training Owner's staff to operate and maintain Project equipment and systems.
23. Assistance to Owner in developing systems and procedures for (a) control of the operation and maintenance of Project equipment and systems, and (b) related recordkeeping.
24. Preparing to serve or serving as a consultant or witness for Owner in any litigation, arbitration, lien or bond claim, or other legal or administrative proceeding involving the Project.
25. Overtime work requiring higher than regular rates.

Exhibit A – Engineer's Services

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26. Providing construction surveys and staking to enable Contractor to perform its work other than as required under Paragraph A1.05.A.8; any type of property surveys or related engineering services needed for the transfer of interests in real property; and providing other special field surveys.
27. Providing more extensive services required to enable Engineer to issue notices or certifications requested by Owner.
28. Extensive services required during any correction period, or with respect to monitoring Contractor's compliance with warranties and guarantees called for in the Construction Contract (except as agreed to under Basic Services).
29. Other additional services performed or furnished by Engineer not otherwise provided for in this Agreement.

A2.02 Additional Services Not Requiring Owner's Written Authorization

- A. Engineer shall advise Owner that Engineer is commencing to perform or furnish the Additional Services of the types listed below. For such Additional Services, Engineer need not request or obtain specific advance written authorization from Owner. Engineer shall cease performing or furnishing such Additional Services upon receipt of written notice to cease from Owner.
 1. Services in connection with Work Change Directives and Change Orders to reflect changes requested by Owner.
 2. ~~Services in making revisions to Drawings and Specifications occasioned by the acceptance of substitute materials or equipment other than "or equal" items; services after the award of the Construction Contract in evaluating and determining the acceptability of a proposed "or equal" or substitution which is found to be inappropriate for the Project; evaluation and determination of an excessive number of proposed "or equals" or substitutions, whether proposed before or after award of the Construction Contract.~~ **Services in making revisions to Drawings and Specifications occasioned by the acceptance of substitute materials or equipment other than "or equal" items; evaluation and determination of an excessive number of proposed "or equals" or substitutions, whether proposed before or after award of the Construction Contract.**
 3. Services resulting from significant delays, changes, or price increases occurring as a direct or indirect result of materials, equipment, or energy shortages.
 4. Additional or extended services arising from (a) the presence at the Site of any Constituent of Concern or items of historical or cultural significance, (b) emergencies or acts of God endangering the Work, (c) damage to the Work by fire or other causes during construction, (d) a significant amount of defective, neglected, or delayed Work, (e) acceleration of the progress schedule involving services beyond normal working hours, or (f) default by Contractor.
 5. Services (other than Basic Services during the Post-Construction Phase) in connection with any partial utilization of the Work by Owner prior to Substantial Completion.

6. Evaluating unreasonable or frivolous requests for interpretation or information (RFIs), Change Proposals, or other demands from Contractor or others in connection with the Work, or an excessive number of RFIs, Change Proposals, or demands.
7. Reviewing a Shop Drawing or other Contractor submittal more than three times, as a result of repeated inadequate submissions by Contractor.
8. While at the Site, compliance by Engineer and its staff with those terms of Owner's or Contractor's safety program provided to Engineer subsequent to the Effective Date that exceed those normally required of engineering personnel by federal, State, or local safety authorities for similar construction sites.

This is **EXHIBIT B**, consisting of [4] pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated [2/21/2018].

Owner's Responsibilities

Article 2 of the Agreement is supplemented to include the following agreement of the parties.

B2.01 In addition to other responsibilities of Owner as set forth in this Agreement, Owner shall at its expense:

- A. Provide Engineer with all criteria and full information as to Owner's requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility, and expandability, and any budgetary limitations.
- B. Give instructions to Engineer regarding Owner's procurement of construction services (including instructions regarding advertisements for bids, instructions to bidders, and requests for proposals, as applicable), Owner's construction contract practices and requirements, insurance and bonding requirements, electronic transmittals during construction, and other information necessary for the finalization of Owner's bidding-related documents (or requests for proposals or other construction procurement documents), and Construction Contract Documents. Furnish copies (or give specific directions requesting Engineer to use copies already in Engineer's possession) of all design and construction standards, Owner's standard forms, general conditions (if other than EJCDC® C-700, Standard General Conditions of the Construction Contract, 2013 Edition), supplementary conditions, text, and related documents and content for Engineer to include in the draft bidding-related documents (or requests for proposals or other construction procurement documents), and draft Construction Contract Documents, when applicable. Owner shall have responsibility for the final content of (1) such bidding-related documents (or requests for proposals or other construction procurement documents), and (2) those portions of any Construction Contract other than the design (as set forth in the Drawings, Specifications, or otherwise), and other engineering or technical matters; and Owner shall seek the advice of Owner's legal counsel, risk managers, and insurance advisors with respect to the drafting and content of such documents.
- C. Furnish to Engineer any other available information pertinent to the Project including reports and data relative to previous designs, construction, or investigation at or adjacent to the Site.
- D. Following Engineer's assessment of initially-available Project information and data and upon Engineer's request, obtain, furnish, or otherwise make available (if necessary through title searches, or retention of specialists or consultants) such additional Project-related information and data as is reasonably required to enable Engineer to complete its Basic and Additional Services. Such additional information or data would generally include the following:
 - 1. Property descriptions.
 - 2. Zoning, deed, and other land use restrictions.

3. Utility and topographic mapping and surveys.
 4. Property, boundary, easement, right-of-way, and other special surveys or data, including establishing relevant reference points.
 5. Explorations and tests of subsurface conditions at or adjacent to the Site; geotechnical reports and investigations; drawings of physical conditions relating to existing surface or subsurface structures at the Site; hydrographic surveys, laboratory tests and inspections of samples, materials, and equipment; with appropriate professional interpretation of such information or data.
 6. Environmental assessments, audits, investigations, and impact statements, and other relevant environmental, historical, or cultural studies relevant to the Project, the Site, and adjacent areas.
 7. Data or consultations as required for the Project but not otherwise identified in this Agreement.
- E. Arrange for safe access to and make all provisions for Engineer to enter upon public and private property as required for Engineer to perform services under the Agreement.
- F. Recognizing and acknowledging that Engineer's services and expertise do not include the following services, provide, as required for the Project:
1. Accounting, bond and financial advisory (including, if applicable, "municipal advisor" services as described in Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) and the municipal advisor registration rules issued by the Securities and Exchange Commission), independent cost estimating, and insurance counseling services.
 2. Legal services with regard to issues pertaining to the Project as Owner requires, Contractor raises, or Engineer reasonably requests.
 3. Such auditing services as Owner requires to ascertain how or for what purpose Contractor has used the money paid.
- G. Provide the services of an independent testing laboratory to perform all inspections, tests, and approvals of samples, materials, and equipment required by the Construction Contract Documents (other than those required to be furnished or arranged by Contractor), or to evaluate the performance of materials, equipment, and facilities of Owner, prior to their incorporation into the Work with appropriate professional interpretation thereof. Provide Engineer with the findings and reports generated by testing laboratories, including findings and reports obtained from or through Contractor.
- H. Provide reviews, approvals, and permits from all governmental authorities having jurisdiction to approve all phases of the Project designed or specified by Engineer and such reviews, approvals, and consents from others as may be necessary for completion of each phase of the Project.

- I. Advise Engineer of the identity and scope of services of any independent consultants employed by Owner to perform or furnish services in regard to the Project, including, but not limited to, cost estimating, project peer review, value engineering, and constructibility review.
- J. If Owner designates a construction manager or an individual or entity other than, or in addition to, Engineer to represent Owner at the Site, define and set forth as an attachment to this Exhibit B the duties, responsibilities, and limitations of authority of such other party and the relation thereof to the duties, responsibilities, and authority of Engineer.
- K. If more than one prime contract is to be awarded for the Work designed or specified by Engineer, then designate a person or entity to have authority and responsibility for coordinating the activities among the various prime Contractors, and define and set forth the duties, responsibilities, and limitations of authority of such individual or entity and the relation thereof to the duties, responsibilities, and authority of Engineer as an attachment to this Exhibit B that is to be mutually agreed upon and made a part of this Agreement before such services begin.
- L. Inform Engineer in writing of any specific requirements of safety or security programs that are applicable to Engineer, as a visitor to the Site.
- M. Examine all alternative solutions, studies, reports, sketches, Drawings, Specifications, proposals, and other documents presented by Engineer (including obtaining advice of an attorney, risk manager, insurance counselor, financial/municipal advisor, and other advisors or consultants as Owner deems appropriate with respect to such examination) and render in writing timely decisions pertaining thereto.
- N. Inform Engineer regarding any need for assistance in evaluating the possible use of Project Strategies, Technologies, and Techniques, as defined in Exhibit A.
- O. Advise Engineer as to whether Engineer's assistance is requested in identifying opportunities for enhancing the sustainability of the Project.
- P. Place and pay for advertisement for Bids in appropriate publications.
- Q. Furnish to Engineer data as to Owner's anticipated costs for services to be provided by others (including, but not limited to, accounting, bond and financial, independent cost estimating, insurance counseling, and legal advice) for Owner so that Engineer may assist Owner in collating the various cost categories which comprise Total Project Costs.
- R. Attend and participate in the pre-bid conference, bid opening, pre-construction conferences, construction progress and other job related meetings, and Site visits to determine Substantial Completion and readiness of the completed Work for final payment.
- S. Authorize Engineer to provide Additional Services as set forth in Part 2 of Exhibit A of the Agreement, as required.
- T. Perform or provide the following: [None]

- B2.02 Owners are ultimately responsible for compliance with Section 746 of Title VII of the Consolidated Appropriations Act of 2017 (Division A - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017) and subsequent statutes mandating domestic preference and will be responsible for the following:**
- a) Signing loan resolutions, grant agreements and letters of intent to meet conditions which include American Iron and Steel language, accepting American Iron and Steel requirements in those documents and in the letter of conditions.**
 - b) Signing change orders (i.e. C-941 of EJDC) and partial payment estimates (i.e. C-620 of EJDC) and thereby acknowledging responsibility for compliance with American Iron and Steel requirements.**
 - c) Obtaining the certification letters from the consulting engineer upon substantial completion of the project and maintaining this documentation for the life of the loan.**
 - d) Where the owner provides their own engineering and/or construction services, providing copies of engineers', contractors', and manufacturers' certification letters (as applicable) to the Agency. All certification letters must be kept in the engineer's project file and on site during construction. For Owner Construction (Force Account), all clauses from Section 17 of RUS Bulletin 1780-35 must be included in the Agreement for Engineering Services.**
 - e) Where the owner directly procures American Iron and Steel products, including American Iron and Steel clauses in the procurement contracts and obtaining manufacturers' certification letters and providing copies to consulting engineers and contractors.**

This is **EXHIBIT C**, consisting of [2] pages, referred to in and part of the Agreement between Owner and Engineer for Professional Services dated [2/21/18].

Payments to Engineer for Services and Reimbursable Expenses
COMPENSATION PACKET BC-1: Basic Services – Lump Sum

Article 2 of the Agreement is supplemented to include the following agreement of the parties:

ARTICLE 2 – OWNER’S RESPONSIBILITIES

C2.01 Compensation for Basic Services (other than Resident Project Representative) – Lump Sum Method of Payment

A. Owner shall pay Engineer for Basic Services set forth in Exhibit A, except for services of Engineer’s Resident Project Representative, if any, as follows:

1. A Lump Sum amount of \$51,985 based on the following estimated distribution of compensation:

a. Study and Report Phase	\$51,985
b. Preliminary Design Phase	\$0
c. Final Design Phase	\$0
d. Bidding and Negotiating Phase	\$0
e. Construction Phase	\$0
f. Post-Construction Phase	\$0

2. Engineer may alter the distribution of compensation between individual phases noted herein to be consistent with services actually rendered, but shall not exceed the total Lump Sum amount unless approved in writing by the Owner **and Agency**.

3. The Lump Sum includes compensation for Engineer’s services and services of Engineer’s Consultants, if any. Appropriate amounts have been incorporated in the Lump Sum to account for labor costs, overhead, profit, expenses (other than any expressly allowed Reimbursable Expenses), and Consultant charges.

4. In addition to the Lump Sum, Engineer is also entitled to reimbursement from Owner for the following Reimbursable Expenses (see Appendix 1 for rates or charges): **Reimbursable expenses for basic Services will be itemized in Appendix 1 to Exhibit c, with rates and charges listed, and with a not to exceed value for each reimbursable expense.**

5. The portion of the Lump Sum amount billed for Engineer’s services will be based upon Engineer’s estimate of the percentage of the total services actually completed during the

billing period. If any Reimbursable Expenses are expressly allowed, Engineer may also bill for any such Reimbursable Expenses incurred during the billing period.

- B. *Period of Service:* The compensation amount stipulated in Compensation Packet BC-1 is conditioned on a period of service not exceeding 24 months. If such period of service is extended, the compensation amount for Engineer's services shall be appropriately adjusted **with concurrence of the Owner and Agency.**

This is **EXHIBIT C**, consisting of [8] pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated 2/21/2018 .

Payments to Engineer for Services and Reimbursable Expenses
COMPENSATION PACKET BC-2: Basic Services – Standard Hourly Rates

Article 2 of the Agreement is supplemented to include the following agreement of the parties:

ARTICLE 2 – OWNER’S RESPONSIBILITIES

C2.01 Compensation For Basic Services (other than Resident Project Representative) – Standard Hourly Rates Method of Payment

- A. Owner shall pay Engineer for Basic Services set forth in Exhibit A, except for services of Engineer’s Resident Project Representative, if any, as follows:
1. An amount equal to the cumulative hours charged to the Project by each class of Engineer’s personnel times Standard Hourly Rates for each applicable billing class for all services performed on the Project, plus Reimbursable Expenses and Engineer’s Consultants’ charges, if any.
 2. The Standard Hourly Rates charged by Engineer constitute full and complete compensation for Engineer’s services, including labor costs, overhead, and profit; the Standard Hourly Rates do not include Reimbursable Expenses or Engineer’s Consultants’ charges.
 3. Engineer’s Reimbursable Expenses Schedule and Standard Hourly Rates are attached to this Exhibit C as Appendices 1 and 2.
 4. The total compensation for services under Paragraph C2.01 is estimated to be \$ [] based on the following estimated distribution of compensation:

a. Study and Report Phase	\$0
b. Preliminary Design Phase	\$0
c. Final Design Phase	\$0
d. Bidding or Negotiating Phase	\$0
e. Construction Phase	\$0
f. Post-Construction Phase	\$0
 5. Engineer may alter the distribution of compensation between individual phases of the work noted herein to be consistent with services actually rendered, but shall not exceed

the total estimated compensation amount unless approved in writing by Owner **and Agency**. See also C2.03.C.2 below.

6. The total estimated compensation for Engineer's services included in the breakdown by phases as noted in Paragraph C2.01.A.3 incorporates all labor, overhead, profit, Reimbursable Expenses, and Engineer's Consultants' charges.
7. The amounts billed for Engineer's services under Paragraph C2.01 will be based on the cumulative hours charged to the Project during the billing period by each class of Engineer's employees times Standard Hourly Rates for each applicable billing class, plus Reimbursable Expenses and Engineer's Consultants' charges.
8. The Standard Hourly Rates and Reimbursable Expenses Schedule will be adjusted annually (as of **March 30**) to reflect equitable changes in the compensation payable to Engineer. **Changes will not be effective unless and until concurred in by the Owner and Agency.**

C2.02 *Compensation For Reimbursable Expenses*

- A. Owner shall pay Engineer for all Reimbursable Expenses at the rates set forth in Appendix 1 to this Exhibit C.
- B. Reimbursable Expenses include the expenses identified in Appendix 1 and the following: transportation (including mileage), lodging, and subsistence incidental thereto; providing and maintaining field office facilities including furnishings and utilities; toll telephone calls, mobile phone charges, and courier charges; reproduction of reports, Drawings, Specifications, bidding-related or other procurement documents, Construction Contract Documents, and similar Project-related items; and Consultants' charges. In addition, if authorized in advance by Owner, Reimbursable Expenses will also include expenses incurred for the use of highly specialized equipment. **Reimbursable expenses for Basic Services will be itemized in Appendix 1 of Exhibit C, with rates and charges listed, and with a not to exceed value for each reimbursable expense.**
- C. The amounts payable to Engineer for Reimbursable Expenses will be the Project-related internal expenses actually incurred or allocated by Engineer, plus all invoiced external Reimbursable Expenses allocable to the Project, the latter multiplied by a factor of **1.00**.

C2.03 *Other Provisions Concerning Payment*

- A. Whenever Engineer is entitled to compensation for the charges of Engineer's Consultants, those charges shall be the amounts billed by Engineer's Consultants to Engineer times a factor of **1.05**.
- B. *Factors:* The external Reimbursable Expenses and Engineer's Consultants' factors include Engineer's overhead and profit associated with Engineer's responsibility for the administration of such services and costs.
- C. *Estimated Compensation Amounts:*

1. Engineer's estimate of the amounts that will become payable for specified services are only estimates for planning purposes, are not binding on the parties, and are not the minimum or maximum amounts payable to Engineer under the Agreement.
 2. When estimated compensation amounts have been stated herein and it subsequently becomes apparent to Engineer that the total compensation amount thus estimated will be exceeded, Engineer shall give Owner **and Agency** written notice thereof, allowing Owner to consider its options, including suspension or termination of Engineer's services for Owner's convenience. Upon notice, Owner and Engineer promptly shall review the matter of services remaining to be performed and compensation for such services. Owner shall either exercise its right to suspend or terminate Engineer's services for Owner's convenience, agree to such compensation exceeding said estimated amount, or agree to a reduction in the remaining services to be rendered by Engineer, so that total compensation for such services will not exceed said estimated amount when such services are completed. If Owner decides not to suspend the Engineer's services during the negotiations and Engineer exceeds the estimated amount before Owner and Engineer have agreed to an increase in the compensation due Engineer or a reduction in the remaining services, then Engineer shall be paid for all services rendered hereunder.
- D. To the extent necessary to verify Engineer's charges and upon Owner's timely request, Engineer shall make copies of such records available to Owner at cost.

**COMPENSATION PACKET RPR-1:
Resident Project Representative – Lump Sum**

Article 2 of the Agreement is supplemented to include the following agreement of the parties:

C2.04 Compensation for Resident Project Representative Basic Services – Lump Sum Method of Payment

A. Owner shall pay Engineer for Resident Project Representative Basic Services as follows:

1. *Resident Project Representative Services:* For services of Engineer's Resident Project Representative, if any, under Paragraph A1.05 of Exhibit A, the Lump Sum amount of \$[N/A]. The Lump Sum includes compensation for the Resident Project Representative's services. Appropriate amounts have been incorporated in the Lump Sum to account for labor costs, overhead, profit, and expenses (other than any expressly allowed Reimbursable Expenses) related to the Resident Project Representative's Services.
2. *Reimbursable Expenses:* In addition to the Lump Sum, Engineer is also entitled to reimbursement from Owner for the following RPR Reimbursable Expenses (see Appendix 1 for rates or charges): **Reimbursable expenses for Resident Project Representative will be itemized in Appendix 1 of Exhibit C, with rates and charges listed, and with a not to exceed value for each reimbursable expense.**
3. *Resident Project Representative Schedule:* The Lump Sum amount set forth in Paragraph C2.04.A.1 above is based on full-time RPR services on an eight-hour workday Monday through Friday over a [N/A] day construction schedule. Modifications to the schedule shall entitle Engineer to an equitable adjustment of compensation for RPR services. **Changes will not be effective unless and until concurred in by the Owner and Agency.**

**COMPENSATION PACKET RPR-2:
Resident Project Representative – Standard Hourly Rates**

Article 2 of the Agreement is supplemented to include the following agreement of the parties:

C2.04 Compensation for Resident Project Representative Basic Services – Standard Hourly Rates Method of Payment

A. Owner shall pay Engineer for Resident Project Representative Basic Services as follows:

1. **Resident Project Representative Services:** For services of Engineer's Resident Project Representative under Paragraph A1.05.A of Exhibit A, an amount equal to the cumulative hours charged to the Project by each class of Engineer's personnel times Standard Hourly Rates for each applicable billing class for all Resident Project Representative services performed on the Project, plus related Reimbursable Expenses and Engineer's Consultant's charges, if any. The total compensation under this paragraph is estimated to be \$_____ based upon full-time RPR services on an eight-hour workday, Monday through Friday, over a _____ day construction schedule.
2. **If rate(s) for RPR services is not indicated in Appendix Two to Exhibit C, "Standard Hourly Rates Schedule," the Standard Hourly Rate for RPR services is \$__ per hour.**

B. Compensation for Reimbursable Expenses:

1. For those Reimbursable Expenses that are not accounted for in the compensation for Basic Services under Paragraph C2.01, and are directly related to the provision of Resident Project Representative or Post-Construction Basic Services, Owner shall pay Engineer at the rates set forth in Appendix 1 to this Exhibit C.
2. Reimbursable Expenses include the expenses identified in Appendix 1 and the following: transportation (including mileage), lodging, and subsistence incidental thereto; providing and maintaining field office facilities including furnishings and utilities; subsistence and transportation of Resident Project Representative and assistants; toll telephone calls, mobile phone charges, and courier charges; reproduction of reports, Drawings, Specifications, bidding-related or other procurement documents, Construction Contract Documents, and similar Project-related items. In addition, if authorized in advance by Owner, Reimbursable Expenses will also include expenses incurred for the use of highly specialized equipment. **Reimbursable expenses for Resident Project Representative will be itemized in Appendix 1 of Exhibit C, with rates and charges listed, and with a not to exceed value for each reimbursable expense.**
3. The amounts payable to Engineer for Reimbursable Expenses, if any, will be those internal expenses related to the Resident Project Representative Basic Services that are actually incurred or allocated by Engineer, plus all invoiced external Reimbursable Expenses allocable to such services, the latter multiplied by a factor of **1.00**.
4. The Reimbursable Expenses Schedule will be adjusted annually (as of **March 30**) to reflect equitable changes in the compensation payable to Engineer. **Changes will not be effective unless and until concurred in by the Owner and Agency.**

**Exhibit C – Compensation Packet RPR-2: Resident Project Representative Services—
Standard Hourly Rates Method of Payment.**

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C. *Other Provisions Concerning Payment Under this Paragraph C2.04:*

1. Whenever Engineer is entitled to compensation for the charges of Engineer's Consultants, those charges shall be the amounts billed by Engineer's Consultants to Engineer times a factor of 1.05.
2. *Factors:* The external Reimbursable Expenses and Engineer's Consultant's factors include Engineer's overhead and profit associated with Engineer's responsibility for the administration of such services and costs.
3. *Estimated Compensation Amounts:*
 - a. Engineer's estimate of the amounts that will become payable for specified services are only estimates for planning purposes, are not binding on the parties, and are not the minimum or maximum amounts payable to Engineer under the Agreement.
 - b. When estimated compensation amounts have been stated herein and it subsequently becomes apparent to Engineer that the total compensation amount thus estimated will be exceeded, Engineer shall give Owner **and Agency** written notice thereof, allowing Owner to consider its options, including suspension or termination of Engineer's services for Owner's convenience. Upon notice Owner and Engineer promptly shall review the matter of services remaining to be performed and compensation for such services. Owner shall either exercise its right to suspend or terminate Engineer's services for Owner's convenience, agree to such compensation exceeding said estimated amount, or agree to a reduction in the remaining services to be rendered by Engineer, so that total compensation for such services will not exceed said estimated amount when such services are completed. If Owner decides not to suspend Engineer's services during negotiations and Engineer exceeds the estimated amount before Owner and Engineer have agreed to an increase in the compensation due Engineer or a reduction in the remaining services, then Engineer shall be paid for all services rendered hereunder.
4. To the extent necessary to verify Engineer's charges and upon Owner's timely request, Engineer shall make copies of such records available to Owner ~~at cost~~ **at no cost**.

**COMPENSATION PACKET AS-1:
Additional Services – Standard Hourly Rates**

Article 2 of the Agreement is supplemented to include the following agreement of the parties:

C2.05 Compensation for Additional Services – Standard Hourly Rates Method of Payment

A. Owner shall pay Engineer for Additional Services, if any, as follows:

1. *General:* For services of Engineer's personnel engaged directly on the Project pursuant to Paragraph A2.01 or A2.02 of Exhibit A, except for services as a consultant or witness under Paragraph A2.01.A.20, (which if needed shall be separately negotiated based on the nature of the required consultation or testimony) an amount equal to the cumulative hours charged to the Project by each class of Engineer's personnel times Standard Hourly Rates for each applicable billing class for all Additional Services performed on the Project, plus related Reimbursable Expenses and Engineer's Consultant's charges, if any.
2. **Additional Services will be itemized in Appendix 2 of Exhibit C, and will provide for a not to exceed value for each additional service.**

B. *Compensation For Reimbursable Expenses:*

1. For those Reimbursable Expenses that are not accounted for in the compensation for Basic Services under Paragraph C2.01 and are directly related to the provision of Additional Services, Owner shall pay Engineer at the rates set forth in Appendix 1 to this Exhibit C.
2. Reimbursable Expenses include the expenses identified in Appendix 1 and the following categories: transportation (including mileage), lodging, and subsistence incidental thereto; providing and maintaining field office facilities including furnishings and utilities; toll telephone calls, mobile phone charges, and courier charges; reproduction of reports, Drawings, Specifications, bidding-related or other procurement documents, Construction Contract Documents, and similar Project-related items; and Consultants' charges. In addition, if authorized in advance by Owner, Reimbursable Expenses will also include expenses incurred for the use of highly specialized equipment.
3. The amounts payable to Engineer for Reimbursable Expenses, if any, will be the Additional Services-related internal expenses actually incurred or allocated by Engineer, plus all invoiced external Reimbursable Expenses allocable to such Additional Services, the latter multiplied by a factor of **1.00**.
4. The Reimbursable Expenses Schedule will be adjusted annually (as of **March 30**) to reflect equitable changes in the compensation payable to Engineer. **Changes will not be effective unless and until concurred in by the Owner and Agency.**

C. *Other Provisions Concerning Payment for Additional Services:*

**Exhibit C – Compensation Packet AS-1: Additional Services –
Standard Hourly Rates Method of Payment.**

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1. Whenever Engineer is entitled to compensation for the charges of Engineer's Consultants, those charges shall be the amounts billed by Engineer's Consultants to Engineer times a factor of 1.05.
2. *Factors:* The external Reimbursable Expenses and Engineer's Consultant's Factors include Engineer's overhead and profit associated with Engineer's responsibility for the administration of such services and costs.
3. To the extent necessary to verify Engineer's charges and upon Owner's timely request, Engineer shall make copies of such records available to Owner ~~at cost~~ **at no cost**.

This is **Appendix 1 to EXHIBIT C**, consisting of [1] pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated 2/21/18 .

Reimbursable Expenses Schedule

Reimbursable Expenses are subject to review and adjustment per Exhibit C. Rates and charges for Reimbursable Expenses as of the date of the Agreement are:

MATERIALS AND REIMBURSABLE EXPENSES

Plotting, Printing and Binding – Invoiced at cost of labor and materials

Postage/ Overnight Courier - As invoiced by Courier

Mileage - Two-Wheel Drive Vehicle rate as published for the IRS Standard Mileage Rate.
Four-Wheel Drive Vehicle rate is the IRS Standard Mileage Rate.

Per Diem – Field personnel in accordance with the latest GSA Schedule based on location of service. Travel costs, meals and lodging for professional staff will be billed at cost.

Survey Equipment Charge - \$25.00/Hour

Survey Material Charge - \$1.50/Hour.

Expert witness - Rates shall be \$300.00 an hour with a minimum of four hours while in court.

Other Direct Project Expenses - At Cost

Overtime - Performed upon request of the client will be invoiced at 1.30 times the standard hourly rate.

Applicable Gross Receipts or Sales and Use Tax - Added to all fees charged for professional services unless they are exempt and official documentation is on file with Bohannon Huston, Inc.

This is **Appendix 2 to EXHIBIT C**, consisting of [2] pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated 2/21/18 .

Standard Hourly Rates Schedule

A. *Standard Hourly Rates:*

1. Standard Hourly Rates are set forth in this Appendix 2 to this Exhibit C and include salaries and wages paid to personnel in each billing class plus the cost of customary and statutory benefits, general and administrative overhead, non-project operating costs, and operating margin or profit.
2. The Standard Hourly Rates apply only as specified in Article C2.

B. *Schedule:*

Hourly rates for services performed on or after the date of the Agreement are:

PROFESSIONAL	HOURLY RATES / LEVEL						
	1	2	3	4	5	6	7
Engineer	\$95	\$110	\$130	\$150	\$170	\$210	\$235
Surveyor	\$95	\$110	\$130	\$150	\$170	\$210	\$235
Photogrammetrist	\$95	\$105	\$125	\$145	\$165	\$205	\$235
Programmer/Analyst	\$110	\$120	\$135	\$155	\$175	\$210	\$250
Technical Manager Computer, CADD, Spatial Data, Photogrammetric, Multi-Media	\$105	\$115	\$130	\$150	\$170	\$210	\$235
Architect / Planner	\$90	\$100	\$115	\$130	\$145	\$175	\$205
Technical Analyst Computer Systems, Help Desk Support	\$70	\$85	\$100	\$115	\$130	\$150	\$185
Engineering Technician Engineering Designer, CADD Consultants	\$70	\$75	\$80	\$90	\$100	\$115	\$135
Construction Observer	\$70	\$75	\$80	\$90	\$105	\$120	\$160
Graphics Specialist Multimedia, Animation, Visualization Specialist	\$70	\$75	\$80	\$90	\$100	\$120	\$135
Geospatial Analyst Mapping, Photogrammetry, GIS Specialist	\$70	\$75	\$80	\$90	\$100	\$115	\$135
Survey Technician Party Chief, Instrument Person, Survey Specialist	\$70	\$75	\$80	\$90	\$100	\$115	\$135
Materials Technician	\$55	\$60	\$65	\$70	\$75	\$80	\$85
Administrative Professional/Manager Marketing Coordinator, Technical Writer, HR Professional, Accountant	\$105	\$115	\$125	\$140	\$160	\$210	\$235
Administrative Assistants Clerical, Administrative Assistants	\$55	\$65	\$75	\$85	\$95	\$105	\$120

C. **Additional Services:**

The following additional services will be provided as part of the above standard hourly rates, with a not to exceed value as indicated below:

None

This is **Appendix 3 to EXHIBIT C**, consisting of [1] pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated 2/21/18

A. Study and Report Phase

Task	Description	Type	Fee Amount
1.	Project Management, Communication & Meetings	Lump Sum	\$ 2,630
2.	Preliminary Engineering Report	Lump Sum	\$44,915
3.	Environmental Documentation	Lump Sum	\$ 4,440
<i>Study and Report Phase Services Subtotal:</i>			<i>\$51,985</i>

Duties, Responsibilities, and Limitations of Authority of Resident Project Representative

Article 1 of the Agreement is supplemented to include the following agreement of the parties:

ARTICLE 1 - SERVICES OF ENGINEER

D1.01 Resident Project Representative

- A. Engineer shall furnish a Resident Project Representative (“RPR”) to assist Engineer in observing progress and quality of the Work. The RPR may provide full time representation or may provide representation to a lesser degree. RPR is Engineer’s representative at the Site, will act as directed by and under the supervision of Engineer, and will confer with Engineer regarding RPR’s actions. **Full time Resident Project Representation is required unless requested in writing by the Owner and waived in writing by the Agency.**
- B. Through RPR’s observations of the Work, including field checks of materials and installed equipment, Engineer shall endeavor to provide further protection for Owner against defects and deficiencies in the Work. However, Engineer shall not, as a result of such RPR observations of the Work, supervise, direct, or have control over the Work, nor shall Engineer (including the RPR) have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected or used by any Constructor, for security or safety at the Site, for safety precautions and programs incident to the Work or any Constructor’s work in progress, for the coordination of the Constructors’ work or schedules, or for any failure of any Constructor to comply with Laws and Regulations applicable to the performing and furnishing of its work. The Engineer (including RPR) neither guarantees the performances of any Constructor nor assumes responsibility for any Constructor’s failure to furnish and perform the Work, or any portion of the Work, in accordance with the Construction Contract Documents. In addition, the specific terms set forth in Exhibit A, Paragraph A1.05, of this Agreement are applicable.
- C. The duties and responsibilities of the RPR are as follows:
 - 1. *General:* RPR’s dealings in matters pertaining to the Work in general shall be with Engineer and Contractor. RPR’s dealings with Subcontractors shall only be through or with the full knowledge and approval of Contractor. RPR shall generally communicate with Owner only with the knowledge of and under the direction of Engineer.
 - 2. *Schedules:* Review the progress schedule, schedule of Shop Drawing and Sample submittals, schedule of values, and other schedules prepared by Contractor and consult with Engineer concerning acceptability of such schedules.
 - 3. *Conferences and Meetings:* Attend meetings with Contractor, such as preconstruction conferences, progress meetings, job conferences, and other Project-related meetings

(but not including Contractor's safety meetings), and as appropriate prepare and circulate copies of minutes thereof.

4. *Safety Compliance:* Comply with Site safety programs, as they apply to RPR, and if required to do so by such safety programs, receive safety training specifically related to RPR's own personal safety while at the Site.
5. *Liaison:*
 - a. Serve as Engineer's liaison with Contractor. Working principally through Contractor's authorized representative or designee, assist in providing information regarding the provisions and intent of the Construction Contract Documents.
 - b. Assist Engineer in serving as Owner's liaison with Contractor when Contractor's operations affect Owner's on-Site operations.
 - c. Assist in obtaining from Owner additional details or information, when required for proper execution of the Work.
6. *Clarifications and Interpretations:* Receive from Contractor submittal of any matters in question concerning the requirements of the Construction Contract Documents (sometimes referred to as requests for information or interpretation—RFIs), or relating to the acceptability of the Work under the Construction Contract Documents. Report to Engineer regarding such RFIs. Report to Engineer when clarifications and interpretations of the Construction Contract Documents are needed, whether as the result of a Contractor RFI or otherwise. Transmit Engineer's clarifications, interpretations, and decisions to Contractor. ,
7. *Shop Drawings and Samples:*
 - a. Record date of receipt of Samples and Contractor-approved Shop Drawings.
 - b. Receive Samples that are furnished at the Site by Contractor, and notify Engineer of availability of Samples for examination.
 - c. Advise Engineer and Contractor of the commencement of any portion of the Work requiring a Shop Drawing or Sample submittal, if RPR believes that the submittal has not been received from Contractor, or has not been approved by Contractor or Engineer.
8. *Proposed Modifications:* Consider and evaluate Contractor's suggestions for modifications to the Drawings or Specifications, and report such suggestions, together with RPR's recommendations, if any, to Engineer. Transmit Engineer's response (if any) to such suggestions to Contractor.
9. *Review of Work; Defective Work:*
 - a. Report to Engineer whenever RPR believes that any part of the Work is defective under the terms and standards set forth in the Construction Contract Documents, and provide recommendations as to whether such Work should be corrected,

removed and replaced, or accepted as provided in the Construction Contract Documents.

- b. Inform Engineer of any Work that RPR believes is not defective under the terms and standards set forth in the Construction Contract Documents, but is nonetheless not compatible with the design concept of the completed Project as a functioning whole, and provide recommendations to Engineer for addressing such Work. ; and
- c. Advise Engineer of that part of the Work that RPR believes should be uncovered for observation, or requires special testing, inspection, or approval.

10. *Inspections, Tests, and System Start-ups:*

- a. Consult with Engineer in advance of scheduled inspections, tests, and systems start-ups.
- b. Verify that tests, equipment, and systems start-ups and operating and maintenance training are conducted in the presence of appropriate Owner's personnel, and that Contractor maintains adequate records thereof.
- c. Observe, record, and report to Engineer appropriate details relative to the test procedures and systems start-ups.
- d. Observe whether Contractor has arranged for inspections required by Laws and Regulations, including but not limited to those to be performed by public or other agencies having jurisdiction over the Work.
- e. Accompany visiting inspectors representing public or other agencies having jurisdiction over the Work, record the results of these inspections, and report to Engineer.

11. *Records:*

- a. Maintain at the Site orderly files for correspondence, reports of job conferences, copies of Construction Contract Documents including all Change Orders, Field Orders, Work Change Directives, Addenda, additional Drawings issued subsequent to the execution of the Construction Contract, RFIs, Engineer's clarifications and interpretations of the Construction Contract Documents, progress reports, approved Shop Drawing and Sample submittals, and other Project-related documents.
- b. Prepare a daily report or keep a diary or log book, recording Contractor's hours on the Site, Subcontractors present at the Site, weather conditions, data relative to questions of Change Orders, Field Orders, Work Change Directives, or changed conditions, Site visitors, deliveries of equipment or materials, daily activities, decisions, observations in general, and specific observations in more detail as in the case of observing test procedures; and send copies to Engineer.
- c. Upon request from Owner to Engineer, photograph or video Work in progress or Site conditions.

- d. Record and maintain accurate, up-to-date lists of the names, addresses, fax numbers, e-mail addresses, websites, and telephone numbers (including mobile numbers) of all Contractors, Subcontractors, and major Suppliers of materials and equipment.
- e. Maintain records for use in preparing Project documentation.
- f. Upon completion of the Work, furnish original set of all RPR Project documentation to Engineer.
- g. **Maintain all Manufacturers' Certification letters in the project file and on site during construction to ensure compliance with American and Iron Steel requirements mandated by Section 746 of Title VII of the Consolidated Appropriations Act of 2017 (Division A - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2017) and subsequent statutes mandating domestic preference, as applicable.**

12. *Reports:*

- a. Furnish to Engineer periodic reports as required of progress of the Work and of Contractor's compliance with the progress schedule and schedule of Shop Drawing and Sample submittals.
- ~~b. Draft and recommend to Engineer proposed Change Orders, Work Change Directives, and Field Orders. Obtain backup material from Contractor. [Deleted]~~
- c. Furnish to Engineer and Owner copies of all inspection, test, and system start-up reports.
- d. Immediately inform Engineer of the occurrence of any Site accidents, emergencies, acts of God endangering the Work, possible force majeure or delay events, damage to property by fire or other causes, or the discovery of any potential differing site condition or Constituent of Concern.

13. *Payment Requests:* Review applications for payment with Contractor for compliance with the established procedure for their submission and forward with recommendations to Engineer, noting particularly the relationship of the payment requested to the schedule of values, Work completed, and materials and equipment delivered at the Site but not incorporated in the Work.

14. *Certificates, Operation and Maintenance Manuals:* During the course of the Work, verify that materials and equipment certificates, operation and maintenance manuals and other data required by the Contract Documents to be assembled and furnished by Contractor are applicable to the items actually installed and in accordance with the Contract Documents, and have these documents delivered to Engineer for review and forwarding to Owner prior to payment for that part of the Work.

15. *Completion:*

- a. Participate in Engineer's visits to the Site regarding Substantial Completion, assist in the determination of Substantial Completion, and prior to the issuance of a Certificate of Substantial Completion submit a punch list of observed items requiring completion or correction.
 - b. Participate in Engineer's visit to the Site in the company of Owner and Contractor, to determine completion of the Work, and prepare a final punch list of items to be completed or corrected by Contractor.
 - c. Observe whether all items on the final punch list have been completed or corrected, and make recommendations to Engineer concerning acceptance and issuance of the Notice of Acceptability of the Work (Exhibit E).
- D. Resident Project Representative shall not:
1. Authorize any deviation from the Construction Contract Documents or substitution of materials or equipment (including "or-equal" items).
 2. Exceed limitations of Engineer's authority as set forth in this Agreement.
 3. Undertake any of the responsibilities of Contractor, Subcontractors, or Suppliers, or any Constructor.
 4. Advise on, issue directions relative to, or assume control over any aspect of the means, methods, techniques, sequences or procedures of the Work, by Contractor or any other Constructor.
 5. Advise on, issue directions regarding, or assume control over security or safety practices, precautions, and programs in connection with the activities or operations of Owner or Contractor.
 6. Participate in specialized field or laboratory tests or inspections conducted off-site by others except as specifically authorized by Engineer.
 7. Accept Shop Drawing or Sample submittals from anyone other than Contractor.
 8. Authorize Owner to occupy the Project in whole or in part.

This is **EXHIBIT E**, consisting of [2] pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated 2/21/18



NOTICE OF ACCEPTABILITY OF WORK

PROJECT:

OWNER:

CONTRACTOR:

OWNER'S CONSTRUCTION CONTRACT IDENTIFICATION:

EFFECTIVE DATE OF THE CONSTRUCTION CONTRACT:

ENGINEER:

NOTICE DATE:

To: _____
_____ Owner

And To: _____
_____ Contractor

From: _____
_____ Engineer

The Engineer hereby gives notice to the above Owner and Contractor that Engineer has recommended final payment of Contractor, and that the Work furnished and performed by Contractor under the above Construction Contract is acceptable, expressly subject to the provisions of the related Contract Documents, the Agreement between Owner and Engineer for Professional Services dated _____, and the following terms and conditions of this Notice:

CONDITIONS OF NOTICE OF ACCEPTABILITY OF WORK

The Notice of Acceptability of Work (“Notice”) is expressly made subject to the following terms and conditions to which all those who receive said Notice and rely thereon agree:

1. This Notice is given with the skill and care ordinarily used by members of the engineering profession practicing under similar conditions at the same time and in the same locality.
2. This Notice reflects and is an expression of the Engineer’s professional opinion.
3. This Notice is given as to the best of Engineer’s knowledge, information, and belief as of the Notice Date.
4. This Notice is based entirely on and expressly limited by the scope of services Engineer has been employed by Owner to perform or furnish during construction of the Project (including observation of the Contractor’s work) under Engineer’s Agreement with Owner, and applies only to facts that are within Engineer’s knowledge or could reasonably have been ascertained by Engineer as a result of carrying out the responsibilities specifically assigned to Engineer under such Agreement.
5. This Notice is not a guarantee or warranty of Contractor’s performance under the Construction Contract, an acceptance of Work that is not in accordance with the related Contract Documents, including but not limited to defective Work discovered after final inspection, nor an assumption of responsibility for any failure of Contractor to furnish and perform the Work thereunder in accordance with the Construction Contract Documents, or to otherwise comply with the Construction Contract Documents or the terms of any special guarantees specified therein.
6. This Notice does not relieve Contractor of any surviving obligations under the Construction Contract, and is subject to Owner’s reservations of rights with respect to completion and final payment.

By: _____

Title: _____

Dated: _____

This is **EXHIBIT F**, consisting of [2] pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated [2/21/18].

Construction Cost Limit

Paragraph 5.02 of the Agreement is supplemented to include the following agreement of the parties:

F5.02 *Designing to Construction Cost Limit*

- A. Owner and Engineer hereby agree to a Construction Cost limit in the amount of \$[].
- B. A bidding or negotiating contingency of [10] percent will be added to any Construction Cost limit established.
- C. The acceptance by Owner at any time during Basic Services of a revised opinion of probable Construction Cost in excess of the then-established Construction Cost limit will constitute a corresponding increase in the Construction Cost limit.
- D. Engineer will be permitted to determine what types and quality of materials, equipment and component systems are to be included in the Drawings and Specifications. Engineer may make reasonable adjustments in the scope, extent, and character of the Project to the extent consistent with the Project requirements and sound engineering practices, to bring the Project within the Construction Cost limit. **Engineers determinations on types and quality of materials, equipment, and component systems to be included in the Drawings and Specifications are subject to approval by Agency in accordance with requirements of 7 CFR 1780, including open and free competition.**
- E. If the Bidding or Negotiating Phase has not commenced within three months after completion of the Final Design Phase, or if industry-wide prices are changed because of unusual or unanticipated events affecting the general level of prices or times of delivery in the construction industry, the established Construction Cost limit will not be binding on Engineer. In such cases, Owner shall consent to an adjustment in the Construction Cost limit commensurate with any applicable change in the general level of prices in the construction industry between the date of completion of the Final Design Phase and the date on which proposals or Bids are sought.
- F. If the lowest bona fide proposal or Bid exceeds the established Construction Cost limit, Owner shall (1) give written approval to increase such Construction Cost limit, or (2) authorize negotiating or rebidding the Project within a reasonable time, or (3) cooperate in revising the Project's scope, extent, or character to the extent consistent with the Project's requirements and with sound engineering practices. In the case of (3), Engineer shall modify the Construction Contract Documents as necessary to bring the Construction Cost within the Construction Cost Limit. Owner shall pay Engineer's cost to provide such modification services, including the costs of the services of its Consultants, all overhead expenses reasonably related thereto, and Reimbursable Expenses, but without profit to Engineer on account of such services. The providing of such services will be the limit of Engineer's responsibility in this regard and, having done so, Engineer shall be entitled to payment for services and expenses in accordance with this Agreement and will not otherwise be liable for

Exhibit F – Construction Cost Limit.

EJCDC® E-500, Agreement Between Owner and Engineer for Professional Services.

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damages attributable to the lowest bona fide proposal or bid exceeding the established Construction Cost limit.

This is **EXHIBIT G**, consisting of [2] pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated 2/21/18.

Insurance

Paragraph 6.05 of the Agreement is supplemented to include the following agreement of the parties:

G6.05 Insurance

A. The limits of liability for the insurance required by Paragraph 6.05.A and 6.05.B of the Agreement are as follows:

1. By Engineer:

- a. Workers' Compensation: Statutory
 - b. Employer's Liability --
 - 1) Bodily injury, each accident: \$[1,000,000]
 - 2) Bodily injury by disease, each employee: \$[]
 - 3) Bodily injury/disease, aggregate: \$[]
 - c. General Liability --
 - 1) Each Occurrence (Bodily Injury and Property Damage): \$[1,000,000]
 - 2) General Aggregate: \$[2,000,000]
 - d. Excess or Umbrella Liability --
 - 1) Per Occurrence: \$[10,000,000]
 - 2) General Aggregate: \$[10,000,000]
 - e. Automobile Liability --Combined Single Limit (Bodily Injury and Property Damage):
\$[]
 - f. Professional Liability --
 - 1) Each Claim Made \$[2,000,000]
 - 2) Annual Aggregate \$[4,000,000]
 - g. Other (specify): \$[]
2. By Owner:
- a. Workers' Compensation: Statutory
 - b. Employer's Liability --

Exhibit G – Insurance.

- 1) Bodily injury, Each Accident \$[]
- 2) Bodily injury by Disease, Each Employee \$[]
- 3) Bodily injury/Disease, Aggregate \$[]

c. General Liability --

- 1) General Aggregate: \$[]
- 2) Each Occurrence (Bodily Injury and Property Damage): \$[]

d. Excess Umbrella Liability

- 1) Per Occurrence: \$[]
- 2) General Aggregate: \$[]

e. Automobile Liability – Combined Single Limit (Bodily Injury and Property Damage):

\$[]

f. Other (specify):

\$[]

B. *Additional Insureds:*

1. The following individuals or entities are to be listed on Owner’s general liability policies of insurance as additional insureds:

a. Bohannan Huston Inc.
Engineer

b. N/A
Engineer’s Consultant

c. N/A
Engineer’s Consultant

d. [N/A]
[other]

2. During the term of this Agreement the Engineer shall notify Owner of any other Consultant to be listed as an additional insured on Owner’s general liability policies of insurance.

3. The Owner shall be listed on Engineer’s general liability policy as provided in Paragraph 6.05.A.



BOHAHUS-01

BMOYA

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
01/30/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

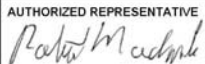
PRODUCER License # 0757776 HUB International Insurance Services (NMX) 7770 Jefferson Street NE Suite 101 Albuquerque, NM 87109	CONTACT NAME: PHONE (A/C, No, Ext): (505) 828-4000 FAX (A/C, No): (866) 487-3972 E-MAIL ADDRESS: INSURER(S) AFFORDING COVERAGE NAIC # INSURER A : Hartford Casualty Insurance Company 29424 INSURER B : Hartford Fire Insurance Company 19682 INSURER C : New Mexico Mutual Casualty Company 40627 INSURER D : Advantage Workers Compensation Insurance Company 40517 INSURER E : Continental Casualty Company 20443 INSURER F :
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COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC <input checked="" type="checkbox"/> OTHER \$0	X	X	34UUNZG0204	08/01/2017	08/01/2018	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMPI/OP AGG \$ 2,000,000
B	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY \$50,000 Limit <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY \$500 Ded Comp/Coll	X	X	34UENZG0117	08/01/2017	08/01/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> RETENTION \$ 10,000	X		34XHUVT9367	08/01/2017	08/01/2018	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000
C	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY <input type="checkbox"/> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	70912	08/01/2017	08/01/2018	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E L EACH ACCIDENT \$ 1,000,000 E L DISEASE - EA EMPLOYEE \$ 1,000,000 E L DISEASE - POLICY LIMIT \$ 1,000,000
D	Work Comp/Oth States			3483893	08/01/2017	08/01/2018	Per Statute 1,000,000
E	Prof/Poll Liability			AEH288359977	08/01/2017	08/01/2018	\$2M ea claim \$4M Agg

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Project: South Valley Service Area - Berino Area Water Supply Project

CERTIFICATE HOLDER Lower Rio Grande Public Water Works Authority 325 Holguin Road, Box C Vado, NM 88072	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
---	--

ACORD 25 (2016/03)

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Exhibit G - Insurance.

EJDC® E-500, Agreement Between Owner and Engineer for Professional Services.

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This is **EXHIBIT H**, consisting of [1] pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated 2/21/18.

Dispute Resolution

Paragraph 6.09 of the Agreement is supplemented to include the following agreement of the parties:

H6.08 *Dispute Resolution*

- A. *Mediation*: Owner and Engineer agree that they shall first submit any and all unsettled claims, counterclaims, disputes, and other matters in question between them arising out of or relating to this Agreement or the breach thereof (“Disputes”) to mediation [**by a mediator located in Dona Ana County acceptable to both parties**]. Owner and Engineer agree to participate in the mediation process in good faith. The process shall be conducted on a confidential basis, and shall be completed within 120 days. If such mediation is unsuccessful in resolving a Dispute, then (1) the parties may mutually agree to a dispute resolution of their choice, or (2) either party may seek to have the Dispute resolved by a court of competent jurisdiction.

This is **EXHIBIT I**, consisting of [3] pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated [2/21/18].

Limitations of Liability

Paragraph 6.11 of the Agreement is supplemented to include the following agreement of the parties:

A. *Limitation of Engineer's Liability*

1. *Engineer's Liability Limited to Amount of Insurance Proceeds:* Engineer shall procure and maintain insurance as required by and set forth in Exhibit G to this Agreement. Notwithstanding any other provision of this Agreement, and to the fullest extent permitted by Laws and Regulations, the total liability, in the aggregate, of Engineer and Engineer's officers, directors, members, partners, agents, employees, and Consultants to Owner and anyone claiming by, through, or under Owner for any and all claims, losses, costs, or damages whatsoever arising out of, resulting from, or in any way related to the Project or the Agreement from any cause or causes, including but not limited to the negligence, professional errors or omissions, strict liability, breach of contract, indemnity obligations, or warranty express or implied, of Engineer or Engineer's officers, directors, members, partners, agents, employees, or Consultants (hereafter "Owner's Claims"), shall not exceed the total insurance proceeds paid on behalf of or to Engineer by Engineer's insurers in settlement or satisfaction of Owner's Claims under the terms and conditions of Engineer's insurance policies applicable thereto (excluding fees, costs and expenses of investigation, claims adjustment, defense, and appeal), up to the amount of insurance required under this Agreement. If no such insurance coverage is provided with respect to Owner's Claims, then the total liability, in the aggregate, of Engineer and Engineer's officers, directors, members, partners, agents, employees, and Consultants to Owner and anyone claiming by, through, or under Owner for any and all such uninsured Owner's Claims shall not exceed \$[100,000].

- B. *Indemnification by Owner:* To the fullest extent permitted by Laws and Regulations, Owner shall indemnify and hold harmless Engineer and its officers, directors, members, partners, agents, employees, and Consultants from and against any and all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court, arbitration, or other dispute resolution costs) arising out of or relating to the Project, provided that any such claim, cost, loss, or damage is attributable to bodily injury, sickness, disease, or death or to injury to or destruction of tangible property (other than the Work itself), including the loss of use resulting therefrom, but only to the extent caused by any negligent act or omission of Owner or Owner's officers, directors, members, partners, agents, employees, consultants, or others retained by or under contract to the Owner with respect to this Agreement or to the Project.

This is **EXHIBIT J**, consisting of [1] pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated 2/21/2018 .

Special Provisions

Paragraph(s) of the Agreement is/are amended to include the following agreement(s) of the parties:

- 1) Per USDA Guidance for the Use of Engineers Joint Contract Documents Committee (EJCDC) Documents on Water and Waste Disposal Projects with RUS Financial Assistance, via RUS Bulletin 1780-26, with effective date 4/19/2017, the revisions detailed have been made to the EJCDC E-500.
- 2) Exhibit B, Paragraph B.2.01 of the Agreement is amended to include the following agreement of the parties:

(i) Add Paragraph B.2.01.U:

The Owner agrees to acquire interim financing to effect payment to Engineer in accordance with the terms of Exhibit C and Article 4 of the Standard Form of Agreement between Owner and Engineer for Professional Services, without having to wait for loan/grant closing by the Agency.

Final submittal of documents shall also be submitted in pdf format that can be transmitted electronically (i.e., files must be small enough to be transmitted by email and to be uploaded). All elements of the final submittal (i.e., AutoCad files, water & wastewater models, GIS/GPS data files, technical specifications, MicroSoft Word files, etc.) shall be submitted in their original electronic working formats. In addition, final project Planning Reports and Preliminary Engineering Reports (PER) shall be provided in their original electronic working formats to facilitate the use of specific excerpts by the Lower Rio Grande Public Water Works Authority (LRGPWWA) for such reports assembled for grant and other funding applications, presentations to Legislative Committees or similar uses as deemed necessary by the LRGPWWA. Final electronic working reports will not be stamped or signed by the Engineer of Record.

The reports, plans, specifications and other engineering products created by Bohannan Huston, Inc. and its subconsultants, are created specifically for the project and are intended to be used only for this project. The LRGPWWA agrees, to the fullest extent permitted by law, to indemnify and hold Bohannan Huston Inc. and its subconsultants harmless from any claim, liability or cost (including reasonable attorney fees and defense costs) arising or allegedly arising out of any reuse or modification to the approved final plans and specifications by the LRGPWWA or any person or entity that acquires the approved final plans and specifications from or through the LRGPWWA.

This is **EXHIBIT K**, consisting of [2] pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated _____.

AMENDMENT TO OWNER-ENGINEER AGREEMENT
Amendment No. _____

The Effective Date of this Amendment is: _____.

Background Data

Effective Date of Owner-Engineer Agreement:

Owner:

Engineer:

Project:

Nature of Amendment: [Check those that are applicable and delete those that are inapplicable.]

- ___ Additional Services to be performed by Engineer
- ___ Modifications to services of Engineer
- ___ Modifications to responsibilities of Owner
- ___ Modifications of payment to Engineer
- ___ Modifications to time(s) for rendering services
- ___ Modifications to other terms and conditions of the Agreement

Description of Modifications:

Here describe the modifications, in as much specificity and detail as needed. Use an attachment if necessary.

Agreement Summary:

Original agreement amount:	\$ _____
Net change for prior amendments:	\$ _____
This amendment amount:	\$ _____
Adjusted Agreement amount:	\$ _____

Change in time for services (days or date, as applicable): _____

The foregoing Agreement Summary is for reference only and does not alter the terms of the Agreement, including those set forth in Exhibit C.

Owner and Engineer hereby agree to modify the above-referenced Agreement as set forth in this Amendment. All provisions of the Agreement not modified by this or previous Amendments remain in effect.

OWNER:

ENGINEER:

By: _____
Print name: _____

By: _____
Print name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

RUS CERTIFICATION PAGE

PROJECT NAME: South Valley Service Area - Berino Area Water Supply Project

The Engineer and Owner hereby concur in the Funding Agency required revisions to E-500. In addition, Engineer certifies to the following:

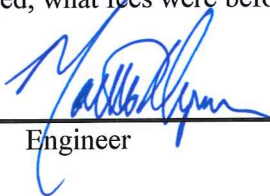
All modifications required by RUS Bulletin 1780-26 have been made in accordance the terms of the license agreement, which states in part that the Engineer “must plainly show all changes to the Standard EJCDC Text, using ‘Track Changes’ (redline/strikeout), highlighting, or other means of clearly indicating additions and deletions.” Such other means may include attachments indicating changes (e.g. Supplementary Conditions modifying the General Conditions).

SUMMARY OF ENGINEERING FEES

Note that the fees indicated on this table are only a summary and if there is a conflict with any provision of Exhibit C, the provisions there overrule the values on this table. Fees shown in will not be exceeded without the concurrence of the Agency.

Basic Services	\$ <u>51,985</u>
Resident Project Observation	\$ _____
Additional Services	\$ _____
TOTAL:	\$ <u>51,985</u>

Any adjustments to engineering fees or changes to maximum estimated values must be approved by the Agency and must include a table of what specific category or categories of fees are being changed, what fees were before and after the change, and the resulting total fee.



2/14/2018

Engineer

Date

Matthew R. Thompson, Senior Vice President

Name and Title

February 21, 2018

Owner

Date

Mike McMullen, Board Chairman

Name and Title

Agency Concurrence:

As lender or insurer of funds to defray the costs of this Contract, and without liability for any payments thereunder, the Agency hereby concurs in the form, content, and execution of this Agreement.

Agency Representative

Date

Name and Title



LOWER RIO GRANDE

Public Water Works Authority

325 Holguin Road Box C Vado, New Mexico 88072 (575) 233-5742

or Federal agencies, shall be installed by the Authority or by the Member(s)/customer(s) requesting or receiving the service. The Member(s)/customer(s) are responsible for costs and fees associated with the additional facilities to include the maintenance, repair and replacement of the additional facility.

i. Dedicated fire flow lines may only be utilized for fire protection.

ii. All dedicated fire flow lines shall be metered and any costs associated with the installation of the metering facilities will be the responsibility of the property owner.

iii. Any unauthorized use of a dedicated fire flow line will result in the conversion of that line into a regular water service line and all associated fees including Water Right Acquisition Fee, Water Rate Schedule, Penalty, Cross Connection Prevention and Control Policy Fees, and Other Fees will apply.

D. Sale of service(s). Water and wastewater service is for the sole use of the Member or customer, who applied for and was approved to receive service. Members or customers are prohibited from re-selling service(s) being provided by the Authority.

E. Connection to Private System. There shall be no physical connection between any private water system/well and the water system of the Authority and there shall be no physical connection between any private sewage disposal system and the sewer system of the Authority. A representative of the Authority shall have the right at all reasonable hours to enter upon Member's premises for the purpose of inspection and enforcement of this provision. Violation of this provision is cause for immediate disconnection of a member's water service. If a backflow prevention valve is installed, the Member will pay for all expenses incurred.

F. Continuity of Service. The Authority will make all reasonable efforts to supply continuous, uninterrupted service. However, it shall have the right to interrupt service for the purpose of making repairs, connections, extension, or for other



LOWER RIO GRANDE

Public Water Works Authority

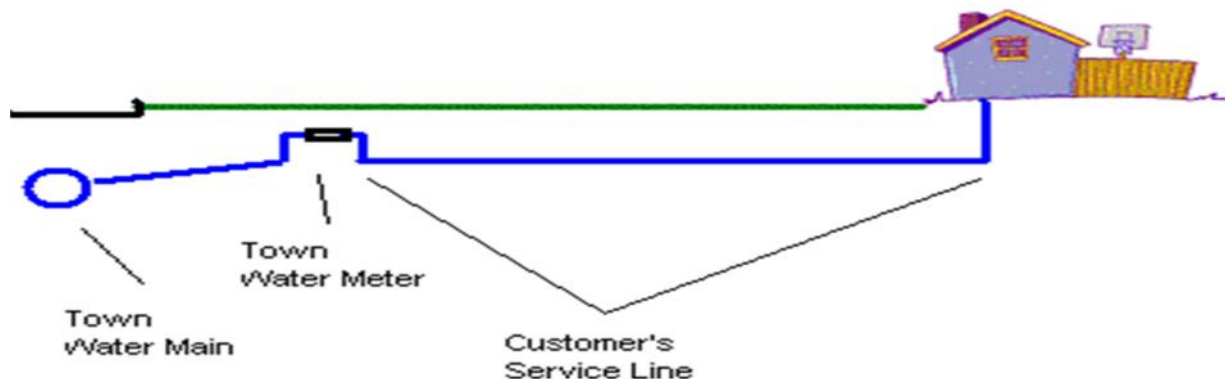
325 Holguin Road Vado, New Mexico 88072 (575) 571-3628

Water Leak Adjustment Policy

The General Manager of the Lower Rio Grande Public Water Works Authority or Designee may authorize an adjustment to a customer's water/sewer (if applicable) bill when a leak has occurred underground on the customer's service line. In the case of an emergency water service line break which is beyond the control of the customer, this policy also applies.

This policy does not cover malfunctions or leaks in faucets, irrigation systems, toilets, water heaters, or any other plumbing or appliance inside or outside the residence, nor does it cover high usage from filling a swimming pool or accidentally leaving water running.

Only a water leak on the customer's service line will be considered for adjustments. A "service line" is defined as the water line running from the water meter to the residence as illustrated below.



Service line leaks on the customer's side of the meter

Leak adjustments are limited to once every ~~two~~ **three (3)** years per account/meter site, and it is the customer's responsibility to request a Leak Adjustment Form from the Lower Rio Grande Public Water Works Authority, complete and return the form with documentation of repairing the leak. Repairs must include the installation of a shut-off valve on the customer's side of the meter if one is not already in place. The General Manager or Designee may obtain site verification of the leak status from the Operations Manager, and the customer must provide



LOWER RIO GRANDE

Public Water Works Authority

325 Holguin Road

Vado, New Mexico 88072

(575) 571-3628

the information required on the Staff Assessment form within sixty (60) days of the billing date when the excessive usage was posted.

A leak adjustment will be determined by averaging the customer's water usage for the previous twelve (12) months and applied to one monthly bill. If it is determined that the leak covers a time period involving more than one monthly billing, the highest bill will be the one adjusted.

If a customer is notified that they have an apparent leak as described above and does not make repairs within five (5) working days, the customer will not qualify for a leak adjustment.

Adjustments for sewer bills when a leak has occurred in the water service line will be made by averaging the last six (6) months of usage.

In order to avoid a late penalty or disconnection of service while the water/sewer (if applicable) bill review is pending, the customer must pay the bill by the due day or negotiate a payment agreement with the Customer Service Specialist. If the General Manager authorizes the leak adjustment, it will take effect during the next billing cycle.

State of New Mexico
Lower Rio Grande Public
Water Works Authority

*Basic Financial Statements and
Required Supplementary Information
For the Year Ended June 30, 2017
and Independent Auditor's Report*

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

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JUNE 30, 2017**

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**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

BOARD OF DIRECTORS

BOARD OF DIRECTORS

Mike McMullen
Furman Smith
Esperanza Holguin
Raymundo Sanchez
Jose Evaro
Henry Magallanez

Chairman
Vice-Chairman
Secretary
Director
Director
Director

ADMINISTRATIVE OFFICIALS

Martin Lopez
Kathi Jackson

General Manager
Finance Manager

WATTS CPA, P.C.

INDEPENDENT AUDITOR'S REPORT

The New Mexico Office of the State Auditor
Members of the Board of Directors
Lower Rio Grande Public Water Works Authority
Mesquite, New Mexico

Report on Financial Statements

I have audited the accompanying financial statements of the business-type activities of Lower Rio Grande Public Water Works Authority (the Authority), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. I also have audited the budgetary comparison presented as supplementary information for the year ended June 30, 2017, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I express no such opinion. 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements, referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of June 30, 2017, and the change in

financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the budgetary comparisons of Authority for the year ended June 30, 2017 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements and the budgetary comparison. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated December 15, 2017 on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Watts CPA, P.C.

El Paso, Texas
December 15, 2017

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

**STATEMENT OF NET POSITION
JUNE 30, 2017**

ASSETS:

Current Assets

Cash and cash equivalents	\$ 295,767
Investments - Certificate of deposit	11,539
Accounts receivables	662,575
Grant receivables	108,755
Inventory	91,819
Prepaid expenses	6,672

Total current assets 1,177,127

Noncurrent assets

Restricted cash	
Customer deposits	86,433
Construction account	451,672
Loan reserve	44,303
Capital assets, net of accumulated depreciation	61,588,816

Total noncurrent assets 62,171,224

Total assets \$ 63,348,351

LIABILITIES:

Current Liabilities:

Accounts payable vendors	\$ 53,085
Gross receipts tax payable	11,150
Accrued payroll	39,720
Accrued interest expense	18,134
Customer meter deposits	86,433
Accrued compensated absences	73,654
Current maturities of notes payable	134,825

Total current liabilities 417,001

Noncurrent Liabilities:

Notes payable	5,401,619
Total liabilities	<u>5,818,620</u>

NET POSITION:

Net investment in capital assets	56,052,372
Restricted for debt service	44,303
Restricted for capital projects	451,672
Unrestricted	981,384
Total net position	<u>57,529,731</u>

Total liabilities and net position \$ 63,348,351

See accompanying notes to financial statements and independent auditor's report.

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

Operating Revenues:	
Charges for services	\$ 3,282,246
Other revenues	69,598
	<hr/>
Total operating revenues	3,351,844
	<hr/>
Operating Expenses:	
Salaries and wages	2,705,919
Employee benefits	326,407
Materials, supplies, tools and chemicals	116,494
Office expenses	289,746
Miscellaneous	19,441
Bank charges	22,129
Insurance	64,215
Maintenance and repairs	158,264
Professional fees	71,168
Travel and entertainment	11,272
Depreciation	1,479,698
Utilities	231,882
	<hr/>
Total operating expenses	5,496,635
	<hr/>
Operating loss	(2,144,791)
	<hr/>
Non-Operating Revenues (Expenses):	
Grant revenue	1,881,591
Interest income	674
Rental income	18,093
Other income	66,079
Interest expense	(151,132)
	<hr/>
Total non-operating expenses	1,815,305
	<hr/>
Loss before capital contributions	(329,486)
	<hr/>
Capital Contributions:	
Grant revenues:	
State	1,211,948
Federal	473,466
	<hr/>
Total capital contributions	1,685,414
	<hr/>
Change in net position	1,355,928
	<hr/>
Net position - beginning of year, as previously reported	58,489,530
Restatement	(2,315,727)
	<hr/>
Net position - beginning of year, as restated	56,173,803
	<hr/>
Net position - end of year	\$ 57,529,731
	<hr/>

See accompanying notes to financial statements and independent auditor's report.

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

Cash Flows From Operating Activities:	
Cash received from customers	\$ 3,207,112
Cash payments to employees for services	(2,694,570)
Cash payments to vendors for goods and services	(1,726,720)
Net cash used in operating activities	<u>(1,214,178)</u>
Cash Flows From Capital and Related Financing Activities:	
Purchase and construction of capital assets	(1,699,622)
Payments on notes payable	(291,125)
Payments for interest on notes payable	(151,132)
Proceeds from capital grants	1,576,659
Net cash used in capital and related financing activities	<u>(565,220)</u>
Cash Flows From Investing Activities	
Interest received	639
Net cash provided by investing activities	<u>639</u>
Cash Flows From Noncapital Financing Activities:	
Proceeds from noncapital grants	1,881,591
Miscellaneous income	84,172
Net cash provided by noncapital financing activities	<u>1,965,763</u>
Net increase in cash and cash equivalents	187,004
Cash and cash equivalents, beginning of year, as restated	<u>691,171</u>
Cash and cash equivalents, end of year	<u>\$ 878,175</u>
CASH ENDING:	
Cash	\$ 295,767
Restricted cash	582,408
Total cash reported in statement of net position	<u>\$ 878,175</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	\$ (2,144,791)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation	1,479,698
Change in:	
Accounts receivable	(104,916)
Inventory	(70,359)
Prepaid expenses and insurance	9,261
Accounts payable and accrued liabilities	(413,614)
Meter deposits	30,543
Total adjustments	<u>930,613</u>
Net cash used in operating activities	<u>\$ (1,214,178)</u>

See accompanying notes to financial statements and independent auditor's report.

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

1. HISTORY AND ORGANIZATION

The Lower Rio Grande Public Water Works Authority, the "Authority", was organized in 2009 and commenced operations in November of 2010. The Authority supplies water to occupants and residents within the vicinity of the communities of Mesquite and Vado in Dona Ana County, New Mexico. Sales revenues are generated primarily from water supply sales to domestic and commercial users.

The Authority has a Board of Directors that consists of seven (7) members who are responsible for legislative and fiscal control of the Authority. The Board is also responsible for administrative control of the Authority.

In September 2008, the Board of Directors of Mesquite Mutual Domestic Water Consumer and Mutual Sewage Works Association, according to the Sanitary Project Act, Section 3-29-20-1, NMSA 1978, approved a plan of merger with (1) Berino Mutual Domestic Water Consumer and Mutual Sewage Works Association, (2) Desert Sands Mutual Domestic Water Consumer Association, (3) La Mesa Mutual Domestic Water Consumers Association, (4) Vado Mutual Domestic Water Consumers Association and (5) Lower Rio Grande Mutual Domestic Water Association all serving unincorporated communities within Dona Ana County, New Mexico.

In September 2012, October 2012 and February 2013, the Board of Directors of Mesquite Mutual Domestic Water Consumer and Mutual Sewage Works Association, according to the Sanitary Project Act, Section 3-29-20-1, NMSA 1978, approved a plan of merger with (1) Organ Water and Sewer Association, (2) Butterfield Park Mutual Domestic Water Consumers' Association and (3) Brazito Mutual Domestic Water Consumers Association, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted (US GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing US GAAP for state and local government accounting and financial reporting principles.

A. Reporting Entity

The Authority is a special-purpose government created pursuant to statute and is comprised of an elected Board of Directors. The Authority is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments.

In evaluating how to define the Authority for financial reporting purposes, management

has considered all potential programs and operations of the Authority. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing board by the Authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion is the scope of public service. Application of this criterion involves considering whether the activity benefits the Authority and/or its users, or whether the activity is conducted within the geographic boundaries of the Authority and is generally available to its users.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Authority is able to exercise oversight responsibilities.

Based upon the application of these criteria, the Authority has no component units.

B. Basic Financial Statements

The GASB Statement No. 34 reporting model focus is on either the Authority, as a whole, or major individual funds (within the fund financial statements). The Authority is a single-program government that engages in only business-type activities.

Pursuant to GASB Statement No. 34, governments engaged only in business-type activities present only the financial statements for enterprise funds. For these governments, basic financial statements consist of: (a) enterprise fund financial statements consisting of the statement of net position, the statement of revenues, expenses and changes in net position and the statement of cash flows, and (b) notes to the financial statements. The enterprise fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Enterprise fund equity is classified as net position. When an expense is incurred for purposes for which both restricted and unrestricted assets are available, the Authority first uses restricted resources and then unrestricted resources.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounts of the Authority are organized on the basis of one fund that is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. Government resources are allocated to and accounted for in the fund based upon the purpose for which spending activities are controlled. In this report, the fund is presented in the financial statements as a proprietary fund.

The *Enterprise Fund* is used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user

charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of accounting refers to the point at which revenues or expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The proprietary fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. The revenues are recognized when earned and expenses are recognized when the liability is incurred or the economic asset is used. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Cash and cash equivalents

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Authority to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the Authority are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

E. Restricted Assets

Restricted assets consist of non-mandatory reserves set aside within the operating account for outstanding customer deposits. These reserves are not required but are separated by management and a separate Construction Account that has been established as required by the Government into which the proceeds of the loan and grant proceeds from the USDA-RUS are deposited. Withdrawals from the Construction Account were and shall be made only on checks signed by the manager of the Authority as authorized by the Board from time to time, and with prior concurrence of the Government. When all construction costs have been paid in full, any balance remaining in the Construction Account may be applied on the loan or used for other authorized purposes that have been approved by the Government and the Construction Account shall be closed. The end of year balance is \$451,672. The Authority also has restricted cash in the amount of \$86,433 that has been classified as restricted for customer deposits and \$44,303 restricted for debt service loan reserve.

F. Accounts Receivable

Accounts receivable represents the amounts due from customers' water and sewer accounts. The allowance for doubtful accounts was \$0 at year end. There was no change in the allowance for doubtful accounts during the fiscal year.

G. Inventory

Inventory consists of system parts and supplies valued at cost using the first in first out method of accounting. An actual inventory is taken on an annual basis.

H. Capital Assets

Capital assets, which include property, plant, and equipment, are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment. Contributed capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Depreciation is recorded using the straight-line method based on the estimated useful life of the asset. The following lives are utilized:

Building and improvements	5 years – 40 years
Land improvements	7 years – 20 years
Water and sewer system	5 years – 15 years
Furniture, fixtures, and equipment	5 years – 10 years
Vehicles	5 years – 15 years

I. Operating Revenue and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. They include all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities. Non-operating revenues include grant revenue, rent revenue, other income and interest income.

J. Budgets and Budgetary Accounting

The Authority follows procedures that are promulgated by the Department of Finance and Administration, Local Government Division (DFA-LGD). Those procedures are as follows:

1. On or before July 1 of each year, the Board of Directors, approves and certifies to the estimated operating budgets for use by the local board pending final approval from the DFA-LGD.
2. After the Board approves the proposed initial budget, it is then submitted to the DFA-LGD for review and certification in time to meet the DFA-LGD deadline of June 1.
3. DFA-LGD returns the approved initial budget on the first Monday in July. Fiscal year-end cash balances and any final budget adjustments are then posted to the initial budget to produce the Authority’s final budget, which must be submitted to DFA-LGD by July 30.

4. Upon certification by the DFA-LGD, the budget becomes a legally binding document which does not allow total expenditures in any fund to exceed the amount budgeted.
5. The Board is authorized to make budget revisions with the DFA-LGD's approval.
6. Formal budgetary integration is employed as a management control device during the year.

The budgetary information presented in these financial statements has been properly amended by the Authority's board in accordance with the above procedures. These amendments resulted in no changes to the excess (deficiency) of revenues over expenditures for the current year.

K. Net Position

Net position is reported in three categories: net investment in capital assets, restricted, and unrestricted:

- Net investment in capital assets – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – Net position is reported as restricted when constraints placed on net position use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – Net position that does not meet the definition of “restricted” or “net investment in capital assets.”

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the Authority include management's estimate of the allowance for uncollectible accounts for water sales and depreciation on assets over their estimated useful lives.

M. New Accounting Pronouncements

During the year ended June 30, 2017, the Authority implemented the following new accounting pronouncements which did not have a material effect on the Authority's financial statements:

- *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*
- *GASB Statement No. 77, Tax Abatement Disclosures*
- *GASB Statement No. 78, Pensions Provided Through Certain Multiple Employer Defined Benefit Plans*
- *GASB Statement No 80, Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*
- *GASB Statement No. 81, Irrevocable Split-Interest Agreements*

- *GASB Statement 82, Pension Issues-an Amendment of GASB Statements no. 67, No. 68, and No. 73.*

The following pronouncements have been issued, but are not yet effective for the year ended June 30, 2017.

- *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*
- *GASB Statement No. 83, Certain Asset Retirement Obligations*
- *GASB Statement No. 84, Fiduciary Activities*
- *GASB Statement No. 85, Omnibus 2017*
- *GASB Statement No. 86, Certain Debt Extinguishment Issues*
- *GASB Statement No. 87, Leases*

The Authority is evaluating the effect that these statements will have in upcoming years.

3. CASH

State statutes authorize the investment of Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The Authority is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2017.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Authority. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The Authority's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for demand deposit accounts and \$250,000 for time and savings accounts.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978). New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Authority for at least one half of the amount on deposit with the institution that is in excess of the federal deposit insurance amount.

As of June 30, 2017, \$758,730 of the Authority's bank balance of \$1,020,269 was exposed to

custodial credit risk. However, all of the \$758,730 was collateralized by securities held by pledging institutions, not in the Authority's name. None of the Authority's deposits were uninsured and uncollateralized at June 30, 2017. Bank accounts were collateralized as follows:

Total deposits in bank	\$ 1,020,269
Less FDIC coverage	<u>(261,539)</u>
Uninsured public funds	758,730
Pledged Collateral held by the pledging bank's trust department or agent in the Authority's name	<u>2,275,643</u>
Uninsured and uncollateralized	<u>\$ -</u>

As of June 30, 2017, the Authority's bank balances were exposed to custodial credit risk. The amount above identified as uninsured of \$758,730 is subject to custodial credit risk. This is in the risk that in the event of bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk.

The bank account balances were collateralized as shown in the following schedule:

Account	Account Type	Citizens Bank
Operating	Demand	\$ 261,747
Reserve	Demand	451,672
Debt Service	Demand	289,296
Brazito Sewer	Demand	5,885
NM HIDTA	Demand	130
Credit Card Security CD	Time	<u>11,539</u>
Total amounts of deposits		1,020,269
FDIC Coverage		<u>261,539</u>
Total uninsured public funds		758,730
Pledged collateral held by the pledging bank's trust department or agent in the Authority's name		<u>2,275,643</u>
Uninsured and uncollateralized		<u>\$ -</u>
50% pledged collateral requirement		\$ 379,365
Total pledged collateral		<u>2,275,643</u>
Pledged collateral exceeding the requirements		<u>\$ 1,896,278</u>

A description of the pledged collateral as of June 30, 2017 is as follows:

Description	CUSIP#	Maturity	Market Value
Citizen's Bank:			
FHLB	N/A	09/08/2017	\$ 1,503,417
FHLB	N/A	03/08/2024	<u>772,226</u>
Total Citizen's Bank			<u>\$ 2,275,643</u>

The bank account reconciliations as of June 30, 2017 are as follows:

Account	Account Type	Balance per Bank	Deposits in Transit	Outstanding Checks	Reconciled Balance
Operating	Demand	\$ 261,747	\$ 8,930	\$ 179,723	\$ 90,954
Reserve	Demand	451,672	-	-	451,672
Debt Service	Demand	289,296	-	-	289,296
Brazito Sewer Project	Demand	5,885	-	5,067	818
NM HIDTA	Demand	130	-	-	130
Credit Card Security CD	Time	<u>11,539</u>	<u>-</u>	<u>-</u>	<u>11,539</u>
Total amounts of deposits		<u>\$ 1,020,269</u>	<u>\$ 8,930</u>	<u>\$ 184,790</u>	844,409
Cash held by NMFA - Loan reserve					44,303
Petty cash & returned items					<u>1,002</u>
Total cash					<u>\$ 889,714</u>
Total as Reported in the Financial Statements:					
Statement of Net Position:					
Cash and cash equivalent					\$ 295,767
Investments - Certificate of deposit					11,539
Restricted cash					<u>582,408</u>
Total cash per financial statements					<u>\$ 889,714</u>

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of water and sewer service billings. Accounts receivable for water and sewer service billings is water and sewer utility revenue billed and unbilled but uncollected. The Authority considers the amount fully collectible and therefore has not estimated an allowance for doubtful accounts. At year-end, accounts receivable are \$662,575.

5. CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year ended June 30, 2017. Land, water rights, and construction in progress are not subject to depreciation.

	Beginning Balance	Adjustment/ Transfers	Increases	Decreases	Ending Balance
Business-type capital assets, not being depreciated					
Land, well sites, and easements	\$ 759,161	\$ (22,285)	\$ -	\$ -	\$ 736,876
Water rights	17,352,151	1,101	-	-	17,353,252
Construction in progress	<u>15,346,808</u>	<u>(3,314,480)</u>	<u>1,590,559</u>	<u>(10,617,230)</u>	<u>3,005,657</u>
Total capital assets, not being depreciated	<u>33,458,120</u>	<u>(3,335,664)</u>	<u>1,590,559</u>	<u>(10,617,230)</u>	<u>21,095,785</u>
Business-type capital assets, being depreciated					
Buildings and improvements	2,162,196	109,321	-	-	2,271,517
Land improvements	111,768	217,400	-	-	329,168
Water and sewer plant/system	39,847,441	(162,947)	10,707,123	-	50,391,617
Furniture, fixtures, and equipment	439,366	42,058	14,085	-	495,509
Transportation equipment	<u>1,215,817</u>	<u>(204,755)</u>	<u>5,085</u>	<u>-</u>	<u>1,016,147</u>
Total business-type capital assets, being depreciated	<u>43,776,588</u>	<u>1,077</u>	<u>10,726,293</u>	<u>-</u>	<u>54,503,958</u>
Less accumulated depreciation for:					
Buildings and improvements	511,320	34,825	57,742	-	603,887
Land improvements	82,739	35,372	9,388	-	127,499
Water and sewer plant/system	11,867,923	(818,058)	1,352,910	-	12,402,775
Furniture, fixtures, and equipment	348,674	(189,381)	2,763	-	162,056
Transportation equipment	<u>805,380</u>	<u>(147,565)</u>	<u>56,895</u>	<u>-</u>	<u>714,710</u>
Total accumulated depreciation	<u>13,616,036</u>	<u>(1,084,807)</u>	<u>1,479,698</u>	<u>-</u>	<u>14,010,927</u>
Total capital assets being depreciated, net	<u>30,160,552</u>	<u>1,085,884</u>	<u>9,246,595</u>	<u>-</u>	<u>40,493,031</u>
Business-type capital assets, net	<u>\$63,618,672</u>	<u>\$ (2,249,780)</u>	<u>\$10,837,154</u>	<u>\$ (10,617,230)</u>	<u>\$61,588,816</u>

Depreciation expense for the year ended June 30, 2017 totaled \$1,479,698

6. LONG TERM OBLIGATIONS

During the year ended June 30, 2017, the following changes occurred in the liabilities reported in the Statement of Net Position:

	Beginning Balance	Additions	Reduction	Ending Balance	Due Within One Year
New Mexico Finance Authority Loans (NMFA)	\$ 1,708,765	\$ -	\$ 67,625	\$ 1,641,140	\$ 70,591
United States Department of Agriculture Loans (USDA)	<u>4,118,804</u>	<u>-</u>	<u>223,500</u>	<u>3,895,304</u>	<u>64,234</u>
Total notes payable	<u>\$ 5,827,569</u>	<u>\$ -</u>	<u>\$ 291,125</u>	<u>\$ 5,536,444</u>	<u>\$ 134,825</u>

NMFA Loans: The Authority has entered into nine loan agreements with the New Mexico Finance Authority, wherein the Authority has pledged revenue derived from operations to cover debt service. This revenue is not subject to intercept agreements. The NMFA loans are as follows:

NMFA LowerRio 2: On July 15, 2011, the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$790,914. The proceeds of the loan were used to refinance four loans from the United States Department of Agriculture to the following: 1) Mesquite Mutual Domestic Water Consumers and Mutual Sewage Works Association dated February 17, 2009 in the amount of \$307,000, 2) Mesquite Mutual Domestic Water Consumers and Mutual Sewage Works Association dated December 17, 2007 in the amount of \$307,400, 3) Desert Sands Mutual Domestic Water Consumers Association dated November 7, 2006 in the amount of \$50,000 and 4) La Mesa Mutual Domestic Water Consumers Association dated May 16, 2002 in the amount of \$100,000. The loan matures May 1, 2041. The blended interest rate over the term of the loan is 3.443%. Principal and interest are paid annually.

\$ 679,364

NMFA LowerRio 3: On January 20, 2012 the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$437,163. The proceeds of the loan were used for replacement of water utility system transmission and distribution upgrades for the Mesquite area and the Berino area to blend water sources to achieve compliance with arsenic standards for drinking water. The loan matures June 1, 2032. The blended interest rate over the term of the loan is 0.250%. Principal and interest are paid annually.

329,910

NMFA LowerRio 4: On June 15, 2012, the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$150,238. The proceeds of the loan were used for the installation and replacement of manual-read water meters with radio-read water meters. The loan matures May 1, 2034. The blended interest rate over the term of the loan is 0.250%. Principal is paid annually and interest is paid twice a year.

129,175

<p>NMFA LowerRio 5: On December 21, 2012, the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$75,000. The proceeds were used for the final planning and design phase of a proposed Surface Water/Brackish Water Treatment Facility. The loan matures on June 1, 2032. The blended interest rate over the term of the loan is 0.250%. Principal is paid annually and interest is paid twice a year.</p>	57,855
<p>NMFA LowerRio 6: On March 1, 2013, the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$167,025. The proceeds were used for the design and construction of a sewer system to eliminate existing septic system and wetlands treatment plant and replacing it with a gravity collection system connected to the Dona Ana County South Central Regional Treatment Plant. The loan matures June 1, 2033. There is no interest rate for this loan. Principal payments are paid annually.</p>	133,617
<p>NMFA Brazito: On May 7, 2013, the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$58,150. The proceeds were used for phase one of construction to replace main waterlines. It includes new water main, fire hydrants and upgrades to the pipes. The loan matures on June 1, 2033. There is no interest rate for this loan. Principal payments are paid annually.</p>	46,518
<p>NMFA LowerRio 10: On February 1, 2015, the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$103,458. The proceeds were used for extension of water lines to provide service to homes in the Veterans Road area whose wells had failed due to the drop in the water table. The loan matures on June 1, 2034. There is no interest rate for this loan. Principal payments are paid annually.</p>	91,036
<p>NMFA LowerRio 11: On February 1, 2015, the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$54,061. The proceeds were used for extension of sewer lines between Mesquite and Brazito to provide service to additional homes. The loan matures on June 1, 2034. There is no interest rate for this loan. Principal payments are paid annually.</p>	47,569
<p>NMFA LowerRio 13: On February 26, 2016, the Authority executed a loan agreement with the New Mexico Finance Authority in the amount of \$299,427 (however only \$126,026 has been drawn down to date). The proceeds were used for the purchase of the Valle Del Rio water system. The loan matures on June 1, 2034. There is no interest rate for this loan. Principal payments are paid annually.</p>	126,096

USDA Loans: The Authority has entered into eight loan agreements with the United States Department of Agriculture (USDA), wherein the Authority has pledged revenue derived from operations to cover debt service. This revenue is not subject to intercept agreements. The USDA loans are as follows:

USDA 91-02: On June 11, 2014, the Authority executed a promissory note with the United States Department of Agriculture in the amount of \$2,304,000. The proceeds were used for the water system project improvements. The note matures on June 11, 2054 and has an interest rate of 3.25% per annum. Installments are paid monthly.	\$ 2,170,883
USDA 91-04: On August 20, 2012, the Authority executed a promissory note with the United States Department of Agriculture in the amount of \$471,000. The proceeds were used for the water system project improvements. The note matures on August 20, 2052 and has an interest rate of 2.75% per annum. Installments are paid monthly.	435,739
USDA 92-13 and 92-19: On April 26, 2012, the Authority executed two promissory notes, USDA 92-13 and USDA 92-19 with the United States Department of Agriculture in the amount of \$100,000 and \$606,000 respectively. The proceeds were used to replace the failing sewer main lines and other sewer system improvements. The notes mature on April 26, 2052 and have interest rates of 3.375% and 2% respectively. Installments are paid monthly.	644,289
USDA 93-09: On January 17, 2006, Brazito Mutual Domestic Water Consumers Association executed a promissory note with the United States Department of Agriculture in the amount of \$40,000. The proceeds were used for the water system project improvements. The note matures on January 17, 2046 and accrues an interest rate of 4.250% per annum. Installments are paid monthly.	93,742
USDA 91-14: On October 26, 2009, Brazito Mutual Domestic Water Consumers Association executed a promissory note with the United States Department of Agriculture in the amount of \$222,000. The proceeds were used for the water system project improvements. The note matures on October 26, 2049 and accrues an interest rate of 3.375% per annum. Installments are paid monthly.	197,090
USDA 91-15: On May 22, 2012, Brazito Mutual Domestic Water Consumers Association executed a promissory note with the United States Department of Agriculture in the amount of \$172,000. The proceeds were used for the water system project improvements. The note matures on June 22, 2052 and accrues an interest rate of 2.750% per annum. Installments are paid monthly.	158,410
USDA 91-02: On August 31, 2000, Butterfield Park MDWC and MSWA executed a promissory note with the United States Department of Agriculture in the amount of \$250,000. The proceeds were used for the water system project improvements. The note matures on September 28, 2040 and accrues an interest rate of 5% per annum. Installments are paid monthly.	195,151
Total debt	<u>5,536,444</u>
Less current portion of long-term debt	<u>134,825</u>
Total long-term debt	<u>\$ 5,401,619</u>

Following is a summary of principal and interest maturities of long-term liabilities:

Years Ending	Interest	Principal
June 30, 2018	\$ 158,916	\$ 134,825
June 30, 2019	156,240	137,403
June 30, 2020	153,443	266,195
June 30, 2021	150,518	142,921
June 30, 2022	147,463	145,867
June 30, 2023 - 2027	686,553	778,305
June 30, 2028 - 2032	586,969	873,479
June 30, 2033 - 2037	463,948	769,980
June 30, 2038 - 2042	350,734	775,447
June 30, 2043 - 2047	187,298	674,367
June 30, 2048 - 2052	76,938	750,957
June 30, 2043 - 2058	1,895	86,698
Total	\$ 3,120,915	\$ 5,536,444

7. COMPENSATED ABSENCES

Full time employees earn both 4 hours sick leave and 4 hours vacation each biweekly pay period. Employees may carry over a maximum of 240 hours in each category from calendar year to calendar year. As of June 30, 2017 employees had balances of 1,253 sick leave hours with a value of \$20,641 and 3,422 vacation hours with a value of \$53,013. Upon termination, all accumulated vacation and 1 hour for every 3 accumulated hours for sick leave will be paid to the employee.

Following is a schedule of changes in compensated absences:

	Beginning Balance	Additions	Reduction	Ending Balance	Due Within One Year
Compensated absences	<u>\$ 73,654</u>	<u>\$ 82,445</u>	<u>\$ 82,445</u>	<u>\$ 73,654</u>	<u>\$ 73,654</u>

8. RISK MANAGEMENT

The Authority covers its risk of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees and natural disasters through various insurance policy coverage. The coverage includes workers compensation, general and professional liability, property, and fidelity bonds coverage. The Authority transfers these risks of loss to the insurance carrier except for deductible amounts. Premiums paid on policies for the year June 30, 2017 was \$85,283.

9. JOINT POWERS AGREEMENT

The Authority is the fiscal agent for the Southwest Border HIDTA – New Mexico. As part of being the Fiscal Agent, the Authority assumes the administrative and financial responsibilities as required by the grant agreement between the Authority and the Office of National Drug Control Policy.

10. RETIREMENT PLAN

The Authority provides employees the opportunity to participate in a 401(k) plan. The 401(k) is available to employees after completing their 90 day trial period. The Authority matches employee contributions dollar for dollar up to 4% of wages. In addition, the Authority contributes a profit sharing portion to each employee's 401(k), regardless of whether they participate in the voluntary contribution option. Current policy is to contribute 10% of the employee's wages towards the profit sharing option. For the fiscal year ended June 30, 2017, the Authority contributed \$77,797.

11. SUBSEQUENT REVIEW

Lower Rio Grande Public Water Works Authority has evaluated subsequent events through December 15, 2017, which is the date the financial statements were available to be issued.

12. RESTATEMENT

During the year ended June 30, 2017, the Authority has restated net position in the amount of \$2,315,727. Of that restatement, capital assets were overstated by \$3,334,587, accumulated depreciation was overstated by \$1,084,807 and cash was understated by \$65,947.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

**STATEMENT OF RECEIPTS AND DISBURSEMENTS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
RECEIPTS:				
Operating revenues:				
Charges for services	\$ 2,579,398	\$ 2,579,398	\$ 3,282,246	\$ 702,848
Other revenues	233,750	233,750	69,598	(164,152)
Non-operating revenues				
Other revenue	-	-	84,172	174
Interest income	500	500	674	174
Grants and loans	-	-	3,567,005	3,567,005
	<u>2,813,648</u>	<u>2,813,648</u>	<u>7,003,695</u>	<u>4,190,047</u>
Total receipts	2,813,648	2,813,648	7,003,695	4,190,047
DISBURSEMENTS:				
Operating expenses:				
Accounting & administration	190,000	190,000	156,765	33,235
Salaries & benefits	1,386,000	1,386,000	1,325,440	60,560
Sewer system	59,000	59,000	49,498	9,502
Materials & supplies	515,398	515,398	381,667	133,731
Utilities	335,500	335,500	273,057	62,443
Taxes & insurance	85,250	85,250	78,849	6,401
Non-operating disbursements				
Debt payments - principal	121,000	121,000	291,125	(170,125)
Debt payments - interest	121,500	121,500	151,132	(29,632)
	<u>2,813,648</u>	<u>2,813,648</u>	<u>2,707,533</u>	<u>106,115</u>
Total disbursements	2,813,648	2,813,648	2,707,533	106,115
Excess receipts over (under) disbursements	<u>-</u>	<u>-</u>	<u>4,296,162</u>	<u>4,296,162</u>
Beginning unrestricted cash			<u>262,367</u>	
Ending unrestricted cash			<u>\$ 4,558,529</u>	
Reconciliation of budgetary basis to GAAP basis:				
Net excess receipts over (under) disbursements budgetary basis			\$ 4,296,162	
Depreciation			(1,479,698)	
HIDTA program			(1,751,661)	
Principal payments on debt			291,125	
Change in net position GAAP basis			<u>\$ 1,355,928</u>	

See accompanying notes to financial statements and independent auditor's report.

COMPLIANCE SECTION

WATTS CPA, P.C.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The New Mexico Office of the State Auditor
Members of the Board of Directors
Lower Rio Grande Public Water Works Authority
Mesquite, New Mexico

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Lower Rio Grande Public Water Works Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and the related budget comparisons of the Authority, presented as supplemental information, and have issued my report thereon dated December 15, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit, of the financial statements, I considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of

my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wells CPA, P.C.

El Paso, Texas
December 15, 2017

WATTS CPA, P.C.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The New Mexico Office of the State Auditor
Members of the Board of Directors
Lower Rio Grande Public Water Works Authority
Mesquite, New Mexico

Report on Compliance for Each Major Federal Program

I have audited the Lower Rio Grande Public Water Works Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility.

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In my opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Authority, is responsible for establishing and maintaining effective internal control over

compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Watts CPA, P.C.

El Paso, Texas
December 15, 2017

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor or Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>Paid to Subrecipients</u>	<u>Noncash Assistance</u>
U.S. Department of Agriculture				
Direct United States Department of Energy Water and Waste Disposal System for Rural Communities	10.760	\$ 41,417	\$ -	\$ -
Total U.S. Department of Agriculture		<u>41,417</u>	<u>-</u>	<u>-</u>
U.S. Environmental Protection Agency				
Passed through New Mexico Finance Authority Capitalization Grants for Drinking Water State Revolving Funds	66.468	266,055	-	-
Total U.S Environmental Protection Agency		<u>266,055</u>	<u>-</u>	<u>-</u>
Executive Office of the President				
Direct Executive Office of the President High Intensity Drug Trafficking Areas (HIDTA) Program *	95.001	1,751,661	-	-
Total Executive Office of the President		<u>1,751,661</u>	<u>-</u>	<u>-</u>
Total Federal Financial Assistance		<u>\$ 2,059,133</u>	<u>\$ -</u>	<u>\$ -</u>

* Denotes Major Federal Financial Assistance Program

See independent auditor's report and accompanying notes to schedule of expenditures of federal awards.

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Notes to Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Lower Rio Grande Public Water Works Authority and is presented on the full accrual basis of accounting, which is the same basis as was used to prepare the government-wide financial statements. The information in this Schedule is presented in accordance with the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

10% de minimus Indirect Cost Rate

The Authority did not elect to use the allowed 10% indirect cost rate.

Federally Funded Insurance

The Authority has no federally funded insurance.

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017**

Section I – Summary of Auditors’ Results

Financial Statements:

- 1. Type of auditors’ report issued Unmodified
- 2. Internal control over financial reporting:
 - a. Material weaknesses identified? No
 - b. Significant deficiencies identified not considered to be material weaknesses? No
 - c. Noncompliance material to the financial statements noted? None Noted

Federal Awards:

- 1. Internal control over major programs:
 - a. Material weaknesses identified? None Noted
 - b. Significant deficiencies identified not considered to be material weaknesses? No
- 2. Type of auditors’ report issued on compliance for major programs Unmodified
- 3. Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)? No

4. Identification of major programs:

CFDA Number	Federal Program
95.001	High Intensity Drug Trafficking Areas (HIDTA) Program

- 5. Dollar threshold used to distinguish between type A and type B programs: \$750,000
- 6. Auditee qualified as low-risk auditee? No

STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017

CURRENT YEAR FINDINGS:

None

STATUS OF PRIOR YEAR FINDINGS:

<u>Finding</u>	<u>Status of Current and Prior Year Findings</u>
<u>Financial Statement Findings</u>	
FS 2016-001 Financial Close and Reporting and Deficiencies in Internal Control Structure, Design, Operation, and Oversight and Year-End Accruals – Material Weakness	Resolved
FS 2016-002 Design of Internal Controls Over IT – Significant Deficiency	Resolved
<u>Federal Award Findings</u>	
FA 2016-001 Preparation of the Schedule of Federal Expenditures (SEFA) – Significant Deficiency	Resolved

**STATE OF NEW MEXICO
LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY**

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2017**

An exit conference was conducted on December 15, 2017 with the following individuals in attendance:

Lower Rio Grande Public Water Works Authority

Mike McMullen
Martin Lopez
Kathi Jackson

Board Chairman
General Manager
Finance Manager

Watts CPA, P.C.

Brad Watts

Shareholder

Financial Statement Preparation

The financial statements were prepared by Watts CPA, P.C. from the books and records of the Lower Rio Grande Public Water Works Authority. However, the contents of these financial statements remain the responsibility of the Authority's management.



LOWER RIO GRANDE

Public Water Works Authority

325 Holguin Road

Vado, New Mexico 88072

(575) 233-3947

High Valley Water

- 1-water well that produces 27 GPM Operator has to run in hand every day. If the storage tank goes dry it takes 20 hours to fill back up.
- 1-1,000 gallon pressure tank. It has an air compressor bilt on top.
- 1-booster pump that runs off of a pressure switch.
- 1-30,000 gallon storge tank built in 1998
- No isolation valves in the 2“-3” main line distribution system.
- Needs an 8’ chain link fence around the water tank and booster station.
- Needs an 8’ chain link fence around the well site.
- Water tank needs to be inspected.
- We need to determine how much the electric bill is for the Well house and booster pump station.