



Professional Services Agreement

CA1: Big Chino Sub-Basin Well Assessment Project Contract # 2016-296

WHEREAS, the City of Prescott (hereinafter referred to as "City") is in need of certain services; and

WHEREAS, the City has solicited Requests for Qualifications in accordance with State Law; and

WHEREAS, Southwest Ground-water Consultants, Inc. (hereinafter referred to as "Professional"), has expertise in providing services to assess or design long-term monitoring wells.

NOW, THEREFORE, IN CONSIDERATION OF THE COVENANTS HEREIN CONTAINED, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party to the other, it is hereby agreed as follows:

1. That Professional shall provide the services to the City in relation to the CA1: Big Chino Sub-Basin Well Assessment Project as indicated in Exhibit "A" (Request for Statements of Qualifications and Scope of Work, Task and Fee Estimate, and Project Schedule) and as requested by the City of Prescott Public Works Director.
2. In addition to those services identified in Paragraph 1 above, the Professional shall also perform all subordinate tasks not specifically referenced in Paragraph 1, but necessary to the full and effective performance of the tasks specifically referenced.
3. The Professional shall provide sufficient qualified personnel to perform any and all services as required herein, including but not limited to inspections and preparation of reports, as reasonably requested by representatives of the City.
4. All services identified in Paragraphs 1 and 2 above shall be completed to the satisfaction of the City and shall be performed in compliance with the Professional's project schedule identified in the attached Exhibit "A".
5. The term of this Agreement shall be June 7, 2016 to June 30, 2017.
6. Notwithstanding the foregoing, this Agreement may be terminated by either party upon ten (10) days written notice, with or without cause or upon completion of services. If this Agreement is terminated, the Professional shall be paid for authorized services satisfactorily performed to the date of the Professional's receipt of such termination notice.

7. It is agreed by and between the parties that this Agreement incorporates the attached Exhibit "A" thereto as a part of this Agreement, and that the terms thereof shall be binding between the parties.
8. Pursuant to A.R.S. § 38-511, the City may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the Agreement on behalf of the City is, at any time while the Agreement or any extension of the Agreement is in effect, an employee or agent of any other party to the Agreement in any capacity or a Professional to any other party of the Agreement with respect to the subject matter of the Agreement. In the foregoing event, the City further elects to recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the City from any other party to the Agreement arising as a result of this Agreement.
9. Any notices to be given by either party to the other must be in writing, and personally delivered or mailed by prepaid postage, at the following addresses:

Water Resource Manager
City of Prescott
201 S. Cortez Street
Prescott, AZ 86303

Southwest Ground-water Consultants, Inc.
3033 N. 44th Street, Suite 120
Phoenix, AZ 85018
(602) 955-5547

10. It is expressly agreed and understood by and between the parties that the Professional is an independent Contractor, and, as such, Professional shall not become a City employee, and is not entitled to payment or compensation from the City, or to any fringe benefits to which other City employees are entitled. As an independent Contractor, Professional further acknowledges that it is solely responsible for payment of any and all income taxes, FICA, withholding, unemployment insurance, or other taxes due and owing any governmental entity whatsoever as a result of this Agreement. As an independent Contractor, Professional further agrees that it will conduct itself in a manner consistent with such status, and that it will neither hold itself out nor claim to be an officer or employee of the City by reason thereof, and that it will not make any claim, demand or application to or for any right or privilege applicable to any officer or employee of the City, including, but not limited to, worker's compensation coverage, unemployment insurance benefits, social security coverage, or retirement membership or credit.
11. This Agreement is non-assignable by the Professional unless by sub-contract, as approved in advance by the City.
12. (A) The City shall pay to Professional a total sum of one hundred four thousand five hundred eighty eight dollars and no cents (\$104,588.00) for all services specified in Sections 1 and 2 of this Agreement, as specified in Exhibit "A".

(B) The foregoing sum includes payment for any and all services to be rendered by Professional or sub-contractors, which the Professional may employ for this Contract. It is expressly agreed by and between the parties that the Professional is solely responsible for any and all payment to such any other professionals or sub-contractors retained by the Professional.

(C) Payment of the total amount provided for under Section 12 (A) shall not relieve Professional of its obligation to complete the performance of all those services specified in

Sections, 1, 2, and 3. Should the City request in writing additional services beyond that specified in Sections 1, 2, and 3, then Professional shall charge and City shall pay Professional in accordance with Exhibit "A".

(D) Prior to the final payment to the Professional, the City shall deduct therefrom any and all unpaid privilege, license and other taxes, fees and any and all other unpaid monies due the City from the Professional, and shall apply to those monies to the appropriate accounts. Professional shall provide to the City any information necessary to determine the total amount(s) due.

(E) The Professional shall bill the City monthly for the fee due the Professional, based upon an hourly rate for work completed for each itemized task pursuant to this Agreement and Exhibit "A" during the billing period. City shall pay such billings within thirty (30) days of the date of their receipt.

13. This Agreement is the result of negotiations by and between the parties. Although it has been drafted by the Prescott City Attorney, it is the result of negotiations between the parties. Therefore, any ambiguity in this Agreement is not to be construed against either party.
14. This Agreement shall be construed under the laws of the State of Arizona.
15. All work products of the Professional for this Project are instruments of service for this Project only and shall remain the property of the City whether the Project is completed or not. All plans, drawings, specifications, data maps, studies and other information, including all copies thereof, furnished by the City shall remain the property of the City. They are not to be used on other work, and, with the exception of this Agreement, are to be returned to the City on request or at the completion of the work.
16. The parties hereto expressly covenant and agree that in the event of a dispute arising from this Agreement, each of the parties hereto waives any right to a trial by jury. In the event of litigation, the parties hereby agree to submit to a trial before the Court. The Professional further agrees that this provision shall be contained in all sub-contracts related to the project, which is the subject of this Agreement.
17. The parties hereto expressly covenant and agree that in the event of litigation arising from this Agreement, neither party shall be entitled to an award of attorney fees, either pursuant to the Agreement, pursuant to A.R.S. § 12-341.01(A) and (B), or pursuant to any other state or federal statute, court rule, case law or common law. The Professional further agrees that this provision shall be contained in all sub-contracts related to the project, which is the subject of this Agreement.
18. This Agreement represents the entire and integrated Agreement between the City and the Professional and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both the City and the Professional. Written and signed amendments shall automatically become part of the Agreement, and shall supersede any inconsistent provision therein; provided, however, that any apparent inconsistency shall be resolved, if possible, by construing the provisions as mutually complementary and supplementary.
19. In the event any provision of this Agreement shall be held to be invalid and unenforceable, the remaining provisions shall be valid and binding upon the parties. One or more waivers by

either party of any provision, term, condition or covenant shall not be construed by the other party as a waiver of a subsequent breach of the same by the other party.

20. The Professional hereby agrees to indemnify and hold harmless the City, its departments and divisions, its employees and agents, from any and all claims, liabilities, expenses or lawsuits as a result of the Professional's negligent acts, errors, or omissions, pursuant to this Agreement, except to the extent said claims, liabilities, expenses or lawsuits arise by the negligent acts or omissions of the City or his/her agents. The Professional further releases and discharges the City, its departments and divisions, its agents and employees, and any and all persons legally responsible for the acts or omissions of the City, from any and all claims which the Professional has or may have against the City, its agents or employees, arising out of or in any way connected with the Professional's activities as set forth below, other than those acts which occur due to the negligence of the City, its employees or agents.
21. No oral order, objection, claim or notice by any party to the other shall affect or modify any of the terms or obligations contained in this Agreement, and none of the provisions of this Agreement shall be held to be waived or modified by reason of any act whatsoever, other than by a definitely agreed waiver or modification thereof in writing. No evidence of modification or waiver other than evidence of any such written notice, waiver or modification shall be introduced in any proceeding.
22. (A) Changes in Work: The City, without invalidating the Contract, may order extra work, make changes by altering, or delete any portion of the work as specified herein, or as deemed necessary or desirable by the Public Works Director. All such work shall be executed under the conditions of the original Contract except that any claim for extension of time and additional cost caused thereby shall be made at the time of ordering such change or extra work.

(B) Extra work shall be that work not indicated or detailed on the Scope of Work and not specified. Such work shall be governed by all applicable provisions on the Contract Document.

(C) In giving instructions, the Public Works Director shall have authority to make minor changes in the work, not involving extra cost, and not inconsistent with the purposes of the work. No extra work or change shall be made unless in pursuance of a written order by the Public Works Director and no claim for an addition to the total amount of the Contract shall be valid unless so ordered.

(D) Payment for any change ordered by the Public Works Director which involves work essential to complete the Contract, but for which no basis of payment is provided for herein, shall be subject to agreement prior to said work being performed.

(E) Adjustments to price and/or Contract Time which are agreed upon shall be incorporated in the written order issued by the Public Works Director, which shall be written so as to indicate acceptance on the part of the Professional as evidenced by its signature. In the event prices cannot be agreed upon, the City reserves the right to terminate the Contract as it applies to the items in question and make such arrangements as it may deem necessary to complete the work, or it may direct the Professional to proceed with the items in question to be reimbursed pursuant to the unit prices in the Professional's fee proposal.

(F) If the Professional claims that any instructions involve extra cost under this Contract, it shall give the Public Works Director written notice thereof within forty-eight (48) hours after the receipt of such instructions, and in any event before proceeding to execute the work. No such claim shall be valid unless so made. The Professional shall do such extra work therefore upon receipt of an accepted Contract Amendment or other written order of the Public Works Director and in the absence of such Contract Amendment or other written order of the Public Works Director, the Professional shall not be entitled to payment for such extra work. In no case shall work be undertaken without written notice from the Public Works Director to proceed with the work. All Contract Amendments must be approved by the Public Works Director. Contract Amendments over \$10,000.00 must be approved by City Council.

23. (A) The Professional shall obtain and maintain in effect during the term of, and until final acceptance of all work under this Agreement, a policy or policies of liability insurance with the following coverage:

1) Commercial General Liability – Occurrence Form (if applicable)

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

General Aggregate	\$ 2,000,000
Products – Completed Operations Aggregate	\$ 2,000,000
Personal and Advertising Injury	\$ 1,000,000
Each Occurrence	\$ 1,000,000
Fire Legal Liability (Damage to Rented Premises)	\$ 100,000

The policy shall be endorsed to include the following additional insured language:

“The City of Prescott shall be named as an additional insured with respect to liability arising out of the activities performed by, or on behalf of the Professional.”

2) Professional Liability (Errors and Omissions Liability)

Each Claim	\$ 1,000,000
Annual Aggregate	\$ 2,000,000

In the event that the professional liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years at the time work under this contract is completed.

The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Work of this contract.

3) Business Automobile Liability (if applicable) Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Contract.

Combined Single Limit (CSL)	\$ 1,000,000
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(B) City and Professional waive all rights against each other and their directors, officers, partners, commissioners, officials, agents, sub-contractors and employees for damages covered by property insurance during and after completion of the Services.

(C) All insurance required pursuant to this Agreement must be written by an insurance company authorized to do business in the State of Arizona, to be evidenced by a Certificate of Authority as defined in ARS § 20-217, a copy of which certificate is to be attached to each applicable bond or binder.

(D) Prior to commencing work under this Agreement, the Professional shall provide City with evidence that it is either a "self-insured employer" or a "carrier insured employer" for Workers' Compensation as required by ARS 23-901 et seq., or that it employs no persons subject to the requirement for such coverage.

(E) Notice of Cancellation: With the exception of a ten (10) day notice of cancellation for non-payment of premium, any changes material to compliance with this contract in the insurance policies above shall require a thirty (30) day written notice.

(F) Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A-VII, unless otherwise approved by the City of Prescott Risk Management Division. All insurance is to be placed with an insurer admitted in the state in which operations are taking place.

(G) Verification of Coverage: Professional shall furnish the City with certificates of insurance (ACORD form or equivalent approved by the City) as required by this Contract. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Please note the contract number on the Certificate.

24. The Professional, with regard to the work performed by it after award and during its performance of this contract, will not discriminate on the grounds of race, color, national origin, religion, sex, disability or familial status in the selection and retention of sub-contractors, including procurement of materials and leases of equipment. The Professional will not participate either directly or indirectly in the discrimination prohibited by or pursuant to Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Section 109 of the Housing and Community Development Act of 1974, the Age Discrimination Act of 1975, the Americans With Disability Act (Public Law 101-336, 42 U.S.C. 12101-12213) and all applicable federal regulations under the Act, and Arizona Governor Executive Orders 99-4, 2000-4 and 2009-09 as amended.

25. Professional Immigration Warranty

Professional understands and acknowledges the applicability to it of the Americans with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989. The following is only applicable to construction contracts: The Professional must also comply with A.R.S. § 34-301, "Employment of Aliens on Public Works Prohibited", and A.R.S. § 34-302, as amended, "Residence Requirements for Employees".

Under the provisions of A.R.S. § 41-4401, Professional hereby warrants to the City that the Professional and each of its sub-contractors ("Sub-contractors") will comply with, and are contractually obligated to comply with all Federal Immigration laws and regulations that relate to their employees and A.R.S. § 23-214(A) (hereinafter "Professional Immigration Warranty").

A breach of the Professional Immigration Warranty shall constitute a material breach of this Contract and shall subject the Professional to penalties up to and including termination of this Contract at the sole discretion of the City.

The City retains the legal right to inspect the papers of any Professional or Sub-contractors' employee who works on this Contract to ensure that the Professional or Sub-contractor is complying with the Professional Immigration Warranty. Professional agrees to assist the City in regard to any such inspections.

The City may, at its sole discretion, conduct random verification of the employment records of the Professional and any of Sub-contractors to ensure compliance with the Professional Immigration Warranty. Professional agrees to assist the City in regard to any random verification performed.

Neither the Professional nor any Sub-contractor shall be deemed to have materially breached the Professional Immigration Warranty if the Professional or Sub-contractor establishes that it has complied with employment verification provisions prescribed by Sections 274A and 274B of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A.R.S. § 23-214, Subsection A.

The provisions of this Article must be included in any contract the Professional enters into with any and all of its Sub-contractors who provide services under this Contract or any sub-contract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a professional or sub-contractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

26. Professional shall exercise the same degree of care, skill and diligence in the performance of the Services as is ordinarily possessed and exercised by a professional under similar circumstances.
27. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than the City and Professional.
28. In the event of a discrepancy between this Agreement and Exhibit "A", this Agreement shall control over Exhibit "A".
29. Non-Availability of Funds: Fulfillment of the obligation of the City under this Agreement is conditioned upon the availability of funds appropriated or allocated for the performance of such obligations. If funds are not allocated and available for the continuance of this Agreement, this Agreement may be terminated by the City at the end of the period for which the funds are available. No liability shall accrue to the City in the event this provision is exercised, and the City shall not be obligated or liable for any future payments as a result of termination under this paragraph.

Dated this 7th day of June, 2016.

City of Prescott, a municipal corporation:

Harry B. Oberg
Harry B. Oberg, Mayor

PROFESSIONAL:

William M. Casenblyne
Southwest Ground-water Consultants, Inc.

By: William M. Casenblyne

Title: 6/10/16

ATTEST:

Dana R. DeLong
Dana R. DeLong, City Clerk

APPROVED AS TO FORM:

Jon M. Paladini
Jon M. Paladini, City Attorney

Exhibit “A”



May 10, 2016

Leslie Graser - Water Resource Manager
City of Prescott
City Manager Office
201 S Cortez Street
Prescott, Arizona 86301

**SUBJECT: PROPOSAL
PHASE 1 PROPOSED WORK SCOPE FOR COMPREHENSIVE
AGREEMENT #1 OF THE BIG CHINO SUB-BASIN DATA
COLLECTION AND MONITORING PLAN**

Dear Ms. Graser:

Based on review and comments from the City of Prescott, Town of Prescott Valley and SRP (the Parties) of an outlined scope of work, Southwest Ground-water Consultants (SGC) has prepared this proposal to implement Phase 1 of the Scope of Work to assess or design long-term monitoring wells pursuant to Comprehensive Agreement No. 1 of the Big Chino Sub-basin Data Collection and Monitoring Plan (SOW). As described in the January 25, 2011 Big Chino Sub-basin Data collection and Monitoring Plan (DCMP), additional monitoring in the sub-basin is proposed to include use of both Alternative Existing Wells (AEWs) and newly constructed wells. A map showing the Sections of the DCMP, and AEWs identified in the SOW is provided on Figure 1.

PROPOSED WORK ACTIVITIES

SGC proposes a sequential scope of work that includes compilation and analysis of available well information including hydrogeologic data, land ownership and logistical (physical and legal access) information in the areas of proposed monitor wells described in the DCMP. If this work results in the identification of potential AEWs, SGC will request authorization from the Parties for field investigation of individual wells. If no suitable AEWs are found, preliminary new well locations will be proposed. Both AEWs and new monitor wells must meet specific criteria of construction, hydrogeology, site access and cost as determined by the Parties.

Work to be performed in each of the Phase 1 Tasks is similar; a brief description of the proposed SGC work activities is given below.

Well Inventory

Data on the existing wells in the study area will be collected from available sources including, but not limited to Arizona Department of Water Resources (ADWR), Arizona Department of Environmental Quality (ADEQ), the U.S. Geological Survey (USGS), and SGC files. Information collected for individual wells will be tabulated and summarized to identify specific data pertinent to the objectives of each Task described in the Phase 1 SOW. This includes accurate assessment of each well location, construction, primary use and ownership.

Geology/Stratigraphy

SGC will tabulate and review lithologies reported in ADWR Well Driller Logs. Interpretation of the lithologic information found in each Log of Well will be compared with maps of the surficial geology and structure in the area available from the USGS. Results of geophysical surveys in the sub-basin and consultation with the USGS will further refine the nature of the water bearing materials. Better understanding of the local hydrogeologic setting in each DCMP Section will ensure proper selection of AEWs and/or design and cost estimates for proposed new monitoring wells.

Land Ownership and Access

Current land ownership in each Task area will be identified from the Yavapai County GIS parcel database, the Arizona Land Resource Information System (ALRIS), and the US Department of Agriculture (USDA) Forest Service. Once current land use and ownership is determined within a particular DCMP Section, existing roads will be identified on aerial imagery (Google Earth; NAIP, 2015) that may be used to potentially transport vehicles and equipment to an existing or future monitoring well site. Long term, reliable access to the monitoring wells is critical to protect the investment made in the DCMP.

Permitting

Preliminary review of the study area shows that wells proposed for monitoring within any of the DCMP Sections will require a permit (or access agreement) by either private individuals and organizations, the Arizona State Land Department, the U.S. Forest Service, or the State Game and Fish Commission. SGC will provide a summary of the access agreement, permitting, licensure, or other requirements for a specific private party or public agency that may be necessary within a particular Section.

Field Verification

Based on the results of the above tasks, selected AEWs may be identified that could serve as long-term monitoring wells. Following approval by the Parties, SGC will visit these wells to confirm physical access and ascertain the condition and construction of the well. Potential work could include: water level measurements, well video, pump testing and possible removal of debris/obstructions. *For this proposal, a scope and cost is included to measure water levels and conduct downhole well videos at up to six (6) wells. If the well has equipment or some other obstruction that must be removed, and/or the well is to be pump tested, a separate scope of work and cost will be prepared and submitted for approval by the Parties.*

New Well Design Specifications

If no AEW is identified, SGC will develop a design for a new monitor well based on the available geologic, stratigraphic, geophysical and location data compiled in the above tasks. Technical specifications for drilling, testing and construction of the well will be provided. The technical specifications will include a bid tab and be suitable for obtaining competitive bids from



licensed well drilling contractors. SGC will provide support to the parties to review and make recommendations regarding contractor selection.

Meetings and Coordination

SGC will participate in monthly status meetings between the Parties, via telephone and electronic media, and in the annual meeting with cooperating agencies. SGC will provide status reports on work accomplished and present results as they become available. SGC will also coordinate with the cooperating agencies throughout the work to ensure that data and results of field work are shared in a timely manner between agencies and SGC.

The work described above will be performed for the proposed monitor well locations described in the SOW Phase 1 Tasks. Task location, objectives and goals are described below.

DCMP TASKS

Task 1 (DCMP Section 4b)

The DCMP describes the installation of 3-5 monitoring wells in the area north of the Verde River and east of Paulden that is underlain by Paleozoic carbonates. If AEWs are not available, new wells would be installed. The purpose of these wells is to better understand hydrogeologic conditions controlling groundwater movement and to monitor changes over time. SGC will identify any existing wells, compile geologic data, assess access issues and, if appropriate, recommend potential new well locations and designs.

Two AEWs have been identified by the Parties near the Verde River headwaters that are to be evaluated as part of this scope of work; they are:

- Fletcher Well [B-18-01 30AAD]
- Gipe Well [B-18-01 17BBB]

SGC understands that the Gipe Well will be evaluated for return to service of previous monitoring equipment installed by SRP; this equipment may need to first be removed in order to facilitate a well video. Recent communication with the owners of the Fletcher Well indicated that it may have been vandalized with rocks and other debris dropped into the well. Access to both these wells for downhole well videos will be assessed in this task. If necessary, SGC will develop a scope of work (technical specification) for rehabilitation of the selected existing well(s).

Task 2 (DCMP Section 4c)

This location was selected to provide hydrogeologic information and water levels in the Paleozoic carbonate aquifer between the area in Task 1 (north) and the Verde River Springs (see Figure 1 and Task 4). SGC will identify any existing wells, compile geologic data, assess access issues and recommend potential new well locations and designs.



Task 3 (DCMP Section 4d)

The DCMP describes the installation of a Paleozoic carbonate monitoring well in B(17N-2W)11 between the Big Chino Valley and the Verde River east of Paulden. The purpose of this well is to better understand hydrogeologic conditions controlling groundwater movement between the Big Chino Valley and the Upper Verde River Springs, and to monitor changes in water level over time. This well is needed, even if one or more of the Headwaters Ranch wells (see below) can be used as an AEW. SGC will identify any existing wells, compile geologic data, assess access issues and, recommend a potential new well location and provide a design and technical specification.

Two AEWs have been identified by the Parties in the section just north of Section 11 (section 02). Near the Verde River headwaters that are to be evaluated as part of this scope of work; they are:

- Headwaters Ranch Well #1 [B-17-02W02DCC1]
- Headwaters Ranch Well #2 [B-17-02W02DCC2]

Recent communication with the owners of the Headwaters Ranch wells indicated that they may have been vandalized with rocks and other debris dropped into one or more of the wells. Access to both these wells for downhole well videos will be assessed in this task. If necessary, SGC will develop a scope of work (technical specification) for rehabilitation of the selected existing well(s).

If the foregoing work and indicates that one or more wells are appropriate for inclusion in the Big Chino monitoring network, a design for long term monitoring and/or pumping equipment will be developed in cooperation with the Parties.

Task 4 (DCMP Section 4e)

The area covered by this task includes the Upper Verde River Springs; a well as close to the springs as possible is important to monitor aquifer water level changes overtime and estimate aquifer parameters. SGC will identify any existing wells, compile geologic data, assess access issues, and recommend a potential well location and provide design specifications (including aquifer testing).

Task 5 (DCMP Section 4f)

The DCMP Section 4f describes the need to better define water levels in the area of the playa, including the possible presence of a perched aquifer. The DCMP proposed a dual completion well in the NW1/4 of Section 26, T18N, R4W to approximately 400 ft bls. Since the issuance of the DCMP the location of this well and its ability to monitor a shallow aquifer has been questioned. At the same time data from the USGS gravity monitoring stations in B(18-04) 11 and 25 have suggested a shallow well would be of potential benefit. This area is located where measured water levels show a significant change between the Upper and Middle Big Chino sub-basins and additional data points would be useful in defining groundwater movement.



Following a review of existing well data in the area, SGC will consult with the USGS to determine if one or more new wells in the area are needed, and will provide a recommendation to the Parties.

Task 6 (DCMP Section 4g)

A new deep Paleozoic carbonate aquifer monitor well located near Wineglass Ranch (NW1/4 of Section 24, or SW1/4 of Section 25, T18N, R3W) was proposed in the DCMP. The purpose of this well is to investigate both the aquifer properties of the Paleozoic carbonate aquifer and monitor water level change over time. This well, in conjunction with BMW-2 (Task 7) north of the playa deposits, would provide aquifer and head data on the nature and continuity of the Paleozoic carbonate aquifer between the upper and lower portions of the Big Chino sub-basin. This well is proposed for aquifer testing in the DCMP.

SGC will compile well and geologic data, assess access issues and, if appropriate, recommend a potential well location and design for a deep Paleozoic carbonate aquifer well.

Since development of the DCMP it has been proposed that this area might be suitable for assessing the possible presence of a perched aquifer in the playa deposits. SGC will conduct a well inventory, review well logs, access issues and make a recommendation of the suitability of AEWs and/or the installation of one or more wells in this area.

Task 7 (DCMP BMW-2)

Not part of Phase 1, to be completed in Phase 2.

Task 8 (Juniper Mountains)

This task was not included in the original DCMP but was added following a Multi-Agency Meeting on August 26, 2015. The purpose of this task is to assess the Juniper Mountains as source of recharge to the principal Big Chino aquifer. The Parties have been in touch with private well owners in this area and are considering proposals for access to AEWs.

SGC will identify existing wells and compile well and geologic data. We will await a determination by the Parties if access issues can be resolved. If appropriate, SGC will assist in completing access agreements with well owners.

Task 9 (Dugan Well)

Similar to Task 8, this task was not included in the original DCMP but was added following a Multi-Agency Meeting on August 26, 2015. The Dugan well [B(17-02)S4DBC1] was tested in 1991 by Water Resource Associates (WRA) on behalf of the City of Prescott. The Parties decided to review the results of this test and determine if an additional long-term aquifer test is appropriate. SGC will provide the available data on the Dugan test to the Parties (and USGS) for their review. If appropriate, SGC will design a new long-term aquifer test.

The objective of work proposed above will be to identify potential AEWs and new monitor well sites that may be suitable for inclusion in the DCMP. The work involves research, data compilation and analysis. It is unknown at this time how many AEWs may be identified for



further investigation in the field. SGC has provided a range of unit costs for field verification, water level measurement and videoing of individual AEWs.

Reporting

Following completion of each Phase 1 Task areas, SGC will prepare a draft memorandum describing the results of the research and evaluation. The memorandum will include maps, well logs, well owner information, permit requirements, and a description of any access issues. Also included will be SGC recommendations regarding use of AEWs in the DCMP, and/or preliminary well locations and designs. Following review and comment by the Parties, agreed upon changes will be made and a final Phase 1 summary report containing the area memoranda and maps prepared and submitted.

Field Verification and Access Agreement

During the course of completing Phase 1 Tasks, AEWs may be identified that are appropriate for field verification. As noted previously, field verification would include contact with the well owner to obtain permission to access the property and well, followed by a site visit to survey the well location and document its condition. Since it is unknown at this time how many AEWs may be of potential interest, it is not possible to estimate the time and cost of field verification for the entire project. Alternatively, SGC has prepared an estimate of the time and expense on a unit (per well) basis, with an assumed verification of six (6) AEWs for budgeting purposes. If field verification of an AEW is performed, summary results from this work will be reported and include the estimated costs for well rehabilitation (if needed) and monitoring equipment.

For both selected AEWs and new wells, it is anticipated that an access agreement will be required with current well owners. SGC will draft a 'standard' agreement to be presented to the Parties for approval. Using this 'standard' agreement as a template, SGC will negotiate an access agreement for each well site and submit it to the Parties for approval and signature.

FEES & EXPENSES

Estimated fees and expenses are based on the work outlined in the above tasks and assume that non-field work on all Task areas will be conducted concurrently. This will ensure the greatest efficiency in data collection and compilation. Individual well tasks such as field verification, access agreements and new well specifications are estimated on a per well basis. The numbers of wells for which this work will apply are uncertain; for budgeting purposes we have included a preliminary estimate of the number of wells and the resulting total cost. SGC will invoice the project on the Firm's current hourly fee schedule, plus direct costs associated with sub-contractors, equipment rental, and vehicles for the actual hours and costs incurred. This may result in actual costs that are less or greater than estimated. In no case will actual costs exceed the estimated costs without prior client approval.



The estimated cost to conduct the above scope of work is presented in the following chart (next page).

Work Activity	Hours	SGC Fees	Subcontractor Costs & Expenses	Total Costs
Well Inventory	20	\$2,500	\$0	\$2,500
Geology/Stratigraphy	22	\$2,750	\$0	\$2,750
Land Ownership/Access	26	\$3,250	\$220	\$3,470
Permitting	22	\$2,750	\$0	\$2,750
Reporting (Up to 10 area reports and a final Phase 1 summary report)	140	\$17,500	\$0	\$17,500
New Well Design Specifications (Up to 6) Unit cost \$4,000 per well specification and support	208	\$24,000	\$0	\$24,000
Meetings and Coordination ¹	44	\$6,600	\$0	\$6,600
Work Activity Subtotal	482	\$52,750	\$220	\$52,970
AEW Field Verification (per well) ² Includes two (2) site visits, well video survey, and summary letter report with costs and recommendations	32	\$3,920	\$910	\$4,830
Access Agreement (Per Agreement) ²	8	\$1,000	\$0	\$1,000
Field Verification and Access Agreements for six (6) wells - Subtotal	240	\$29,520	\$5,460	\$34,980
Contingency (10%) ³		\$9,379	\$659	\$10,038
Total Estimated Cost for Budgeting Purposes	722	\$98,249	\$6,339	\$104,588

1. Includes 12 monthly electronic meetings, 1 annual meeting and electronic communication with agencies.
2. Estimates for budgeting purposes. Actual costs will be billed on an hourly basis plus sub-contractor costs (with 10% mark-up), mileage, and equipment rental. Does not include cost to rehabilitate or equip the monitor well.
3. The work is exploratory and cannot be precisely defined; a contingency is standard practice on such projects to minimize the potential for contract exceedance.

SCHEDULE

SGC estimates it will take eight (8) to 10 weeks to conduct the research and data analysis work activities. Time to complete access agreements, conduct field verification and prepare draft reports is difficult to estimate due to the uncertainty in the number and sequencing of task areas and wells. However, SGC will coordinate closely with the Parties to ensure that access

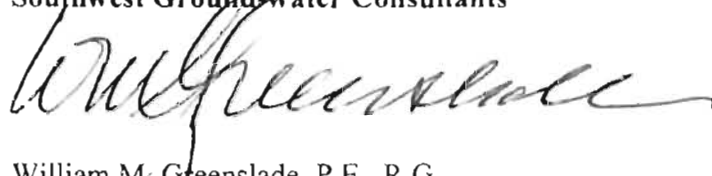


Leslie Graser, City Water Resources Manager
Proposal – Phase 1 Scope of Work
May 10, 2016
Page 8 of 8

agreements and field work will follow a decision to evaluate an AEW or locate a new well as quickly as possible.

SGC looks forward to being of service. Please call if you have any questions or require additional information.

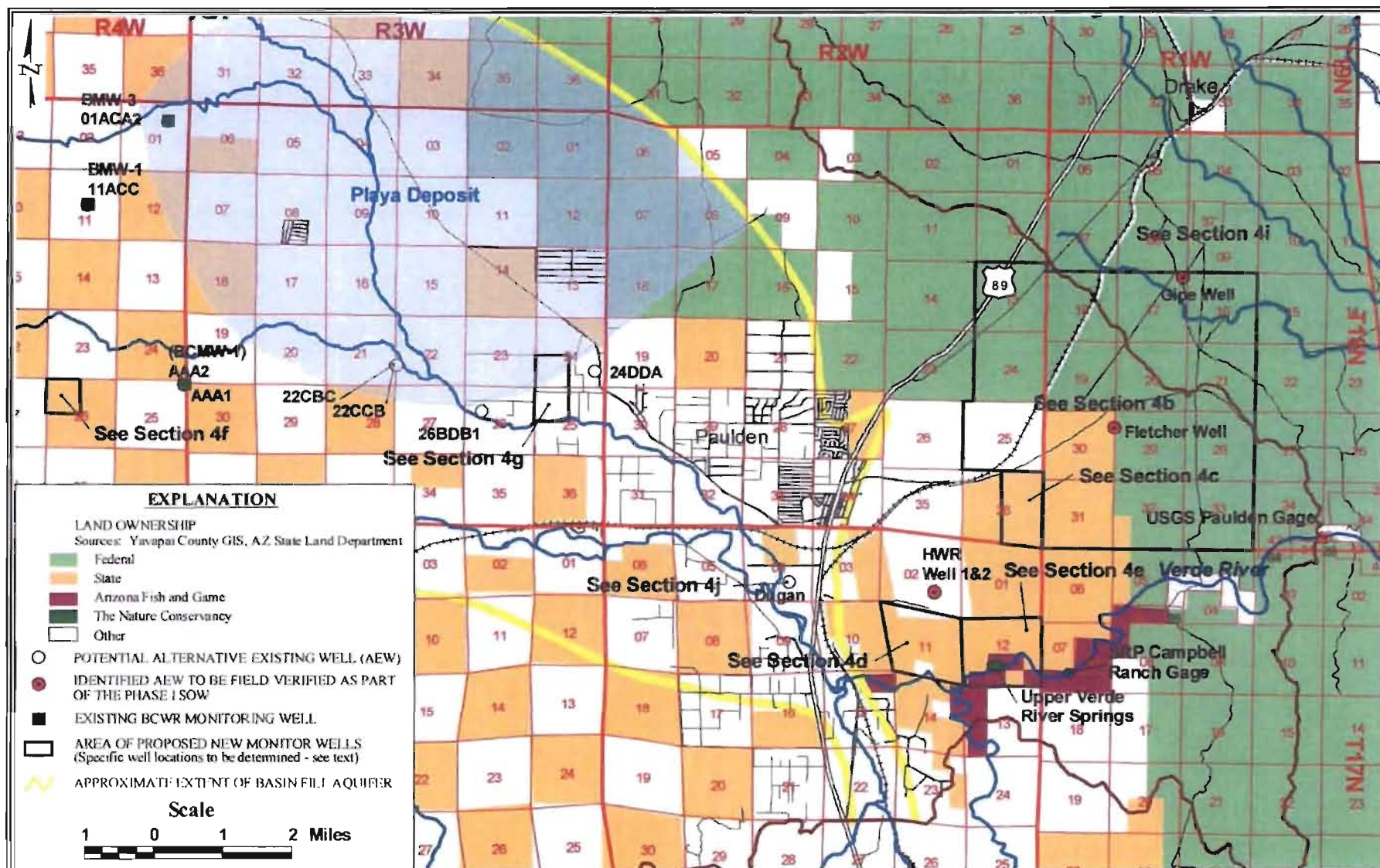
Respectfully,
Southwest Ground-water Consultants



William M. Greenslade, P.E., R.G.
Principal Hydrogeologist

c: Dylan J. Easthouse, R.G.; James H. Holt





Southwest Ground-water



Consultants

May 2016

BIG CHINO SUB-BASIN DCMP SECTIONS AND ALTERNATIVE EXISTING WELLS

Yavapai County, Arizona

Figure

1



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
6/13/2016

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 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 United Assurance, Inc. 16-00 Pollitt Dr. Fair Lawn NJ 07410		CONTACT NAME: PHONE (A/C, No, Ext): 201-254-1829 FAX (A/C, No): 201-471-3648 E-MAIL ADDRESS: k.cooke@unitedassurance.com															
INSURED Matrix New World Engineering, P.C. 26 Columbia Tpke Florham Park NJ 07932		INSURER(S) AFFORDING COVERAGE <table border="1"><thead><tr><th>INSURER</th><th>NAIC #</th></tr></thead><tbody><tr><td>INSURER A: Nautilus Insurance Company</td><td>17370</td></tr><tr><td>INSURER B: Allmerica Financial Benefit</td><td>10212</td></tr><tr><td>INSURER C: Great Divide Insurance Co.</td><td>25224</td></tr><tr><td>INSURER D: Hanover Insurance Co.</td><td>22292</td></tr><tr><td>INSURER E: GUARDIAN LIFE INS CO OF AMER</td><td>64246</td></tr><tr><td>INSURER F:</td><td></td></tr></tbody></table>		INSURER	NAIC #	INSURER A: Nautilus Insurance Company	17370	INSURER B: Allmerica Financial Benefit	10212	INSURER C: Great Divide Insurance Co.	25224	INSURER D: Hanover Insurance Co.	22292	INSURER E: GUARDIAN LIFE INS CO OF AMER	64246	INSURER F:	
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INSURER F:																	

COVERAGES

CERTIFICATE NUMBER: 496092544

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 <input checked="" type="checkbox"/> Poll. ClaimsMade <input checked="" type="checkbox"/> Prof. ClaimsMade GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	Y	Y	ECP2017341-10	3/2/2016	3/2/2017	EACH OCCURRENCE \$2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$2,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMPIOP AGG \$2,000,000 \$
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS	Y	Y	AWVY-7938199	2/1/2016	2/1/2017	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 checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$	Y	Y	FFX2017342-10	3/2/2016	3/2/2017	EACH OCCURRENCE \$10,000,000 AGGREGATE \$10,000,000 \$
C A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y N	Y N/A	WCA201734310 WCA201734410 (AZ)	3/2/2016 3/2/2016	8/11/2016 8/11/2016	<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 E	Valuable Papers Disability			RHY5026707 00932784-0000	2/1/2016 3/15/2016	2/1/2017 3/15/2017	500,000 Continuous

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

RE: Contract No. 2016-296

As per contract with Southwest Ground-Water Consultants, a division of Matrix New World Engineering, PC.

The City of Prescott are included as Additional Insured, including waiver of subrogation, with regards to the General Liability when agreed to by written contract executed prior to loss.

CERTIFICATE HOLDER

CANCELLATION

City of Prescott
Public Works Department
433 N. Virginia Street
Prescott AZ 86301

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

Stephen Ferris

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ENDORSEMENT

This endorsement forms a part of the policy to which it is attached. Please read it carefully.

ADDITIONAL INSURED – BLANKET

This endorsement modifies insurance provided under the following:

ENVIRONMENTAL COMBINED POLICY

In consideration of the premium charged and notwithstanding anything contained in this policy to the contrary, it is hereby agreed and understood that this endorsement shall apply only to the Coverage Part(s) corresponding with the box or boxes marked below.

- ☒ **COVERAGES PARTS A AND B – GENERAL LIABILITY**
- ☒ **COVERAGE PART D – CONTRACTORS POLLUTION LIABILITY**

SECTION III – WHO IS AN INSURED is amended to include as an insured, with respect to Coverage A, B and D, any person(s) or organization(s) when you and such person(s) or organization(s) have agreed in a written contract or written agreement that such person(s) or organization(s) be added as an additional insured on your policy. Such written contract or written agreement must be in effect prior to the performance of **your work** which is the subject of such written contract or written agreement.

Such additional insured status applies only:

1. Under **COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and **COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY** for claims or **suits** resulting from:
 - a. **Your work** performed for such person(s) or organization(s) in the performance of your ongoing operations for the additional insured; or
 - b. **Your work** performed for such person(s) or organizations(s) and included in the **products-completed operations hazard**.
2. Under **COVERAGE D CONTRACTORS POLLUTION LIABILITY** for claims or **suits** arising out of **pollution conditions** that are the result of:
 - a. **Your work** performed for such person(s) or organization(s) in the performance of your ongoing operations for the additional insured; or
 - b. **Your work** performed for such person(s) or organizations(s) and included in the **products-completed operations hazard**.

With respect to damages caused by **your work**, as described above, the coverage provided hereunder shall be primary and not contributing with any other insurance available to those person(s) or organization(s) with which you have so agreed in a written contract or written agreement.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY SHALL APPLY AND REMAIN UNCHANGED.

ENDORSEMENT

This endorsement forms a part of the policy to which it is attached. Please read it carefully.

WAIVER OF SUBROGATION – SCHEDULED ENTITIES

It is agreed that the Company, in the event of any payment under this policy, waives its right of recovery against the person(s) or organization(s) shown in the schedule below, but only at the specific written request of the Named Insured either before or after loss, wherein such waiver of subrogation has been included before loss as part of a written contractual undertaking by the Named Insured.

This waiver of subrogation shall apply only with respect to losses occurring due to operations undertaken as per the specific contract existing between the Named Insured and such person(s) or organization(s) shown in the schedule below and shall not be construed to be a waiver of subrogation with respect to other operations of such person(s) or organization(s) shown in the schedule below in which the Named Insured has no contractual interest.

No waiver of subrogation shall directly or indirectly apply to any employee, employees or agents of either the Named Insured or of the person(s) or organization(s) shown in the schedule below, and the Company reserves its right or lien to be reimbursed from any recovery funds obtained by any injured employee.

This waiver of subrogation does not apply in any jurisdiction or situation where such waiver is held to be illegal or against public policy or in any situation wherein the person(s) or organization(s) shown in the schedule below against whom subrogation is to be waived is found to be solely negligent.

SCHEDULE

Name of Person(s) or Organization(s):

Blanket Where Required by Written Contract