



AGREEMENT

For

**OPERATIONS, MAINTENANCE AND
MANAGEMENT SERVICES**

For the

**TOWN OF PRESCOTT VALLEY
WASTEWATER TREATMENT PLANT,
WASTEWATER COLLECTION SYSTEM, RECLAIMED WATER SYSTEM, RECHARGE
SYSTEM and MUNICIPAL WATER SYSTEMS**

June 25, 2015

1 GENERAL4

2 SCOPE OF SERVICES - GENERAL7

3 SCOPE OF SERVICES— WASTEWATER TREATMENT PLANT.....9

5 SCOPE OF SERVICES-TOWN’S WASTEWATER COLLECTION SYSTEM 10

6 SCOPE OF SERVICES-TOWN’S RECLAIMED WATER SYSTEM 12

7 SCOPE OF SERVICES – RECHARGE FACILITIES..... 12

8 SCOPE OF SERVICES – TOWN’S WATER PRODUCTION AND DISTRIBUTION
SYSTEM..... 12

9 SCOPE OF SERVICES-REPAIRS..... 14

10 SCOPE OF SERVICES—OUT OF SCOPE SERVICES 14

11 SCOPE OF SERVICES—SUBCONTRACTING 14

12 TOWN’S RESPONSIBILITIES 15

13 COMPENSATION..... 15

14 PAYMENT OF COMPENSATION 16

15 INDEMNITY, LIABILITY, AND INSURANCE 17

16 TERM AND TERMINATION; REMEDIES FOR BREACH 19

17 LABOR DISPUTES; FORCE MAJEURE21

18 ENTIRE AGREEMENT 21

APPENDIX A - DEFINITIONS 24

APPENDIX B - LOCATION OF PROJECT 26

APPENDIX C - NPDES PERMIT AND PROJECT CHARACTERISTICS 28

APPENDIX D - INDUSTRIAL WASTE DISCHARGERS AND MONITORING PROGRAMS 29

APPENDIX E - INSURANCE COVERAGE..... 30

APPENDIX F - UTILITY BILLING WORK FLOW SPECIFICS 31

THIS AGREEMENT (the "Agreement"), is made effective the 25th day of June, 2015 (the "Effective Date"), by and between the Town of Prescott Valley, a municipal corporation of Arizona (hereinafter referred to as "Town"), and Operations Management International, Inc., a corporation of the State of California, (hereinafter referred to as "CH2M HILL OMI") (the Town and CH2M HILL OMI hereinafter referred to as "Parties");

WITNESSETH:

WHEREAS, on November 6, 1984, the Town was authorized by its electorate to operate a domestic water system pursuant to ARS §9-514; and

WHEREAS, on November 6, 1990, the Town was authorized by its electorate to engage in the business of providing sanitary sewer collection and treatment pursuant to ARS §9-514; and

WHEREAS, beginning in 1992, the Town proceeded to build a wastewater collection system in three phases (1, 1A, and 2) using improvement district bonds paid for by assessments against properties located within those districts; and

WHEREAS, on or about the same time, the Town proceeded to construct a wastewater treatment facility in two phases using revenue from bonds paid for by a portion of the wastewater collection and treatment charges; and

WHEREAS, as the first phase of the wastewater treatment facility neared completion, the Town entered into a contract with CH2M HILL OMI (October 14, 1993) to operate the new wastewater collection and treatment facility (as subsequently expanded); and

WHEREAS, on February 9, 1995, the Town entered into a development agreement with Poquito Valley Partnership et al. to develop what became known as "The Viewpoint", which included an agreement that the developers would construct a domestic water system for the development, then transfer said system to the Town for operation; and

WHEREAS, upon transfer of said domestic water system to the Town, the Town amended its contract with CH2M HILL OMI to include management, operation and maintenance of said domestic water system; and

WHEREAS, the Town Code was amended in 1996 and 1999 to develop an industrial pretreatment program for the Town's wastewater collection and treatment system; and

WHEREAS, the Town has proceeded to develop a reclaimed water system in conjunction with development of its wastewater collection and treatment system, the first phase including a transmission pipeline from the wastewater treatment facility to recharge ponds in Mountain Valley Park and to the golf course located in Stoneridge, and subsequently expanded to include a pilot project to recharge effluent into the Agua Fria River; and

WHEREAS, the Town has subsequently amended its contract with CH2M HILL OMI to include management, operation and maintenance of the industrial pretreatment program and the reclaimed water system; and

WHEREAS, on September 24, 1998, the Town Council adopted Resolution No. 855 creating the Prescott Valley Water District (hereinafter referred to as "District") per ARS §48-701 et seq. in order for the District to acquire, manage, operate, and maintain a domestic water system per ARS §§48-701(12)(C) and 48-709; and

WHEREAS, on January 21, 1999, the District purchased the stock of Shamrock Water Company (hereinafter referred to as “Shamrock”), a private water company which provided domestic water service to the majority of Town customers and other customers outside the Town, and simultaneously converted Shamrock to a non-profit corporation with the District as its sole member and changed Shamrock’s name to the Prescott Valley Water Company (hereinafter referred to as “Company”); and

WHEREAS, the District entered into an agreement with one of CH2M HILL OMI’s competitors to operate the Company’s domestic water system; and

WHEREAS, in 2003 the Town and District re-issued a Request for Proposals from firms with experience in the management, operation and maintenance of both wastewater collection and treatment systems and domestic water systems to manage, operate and maintain the Town’s wastewater collection and treatment system and reclaimed water system, and/or the Town’s and the District’s domestic water systems; and

WHEREAS, based on a review of the proposals received, it was recommended that a single firm operate both the Town’s and the District’s domestic water systems and that a single firm operate the Town’s wastewater collection and treatment system and reclaimed water system; and

WHEREAS, on July 1, 2003, the Town entered into a new Agreement with CH2M HILL OMI for a five (5) year period to continue to manage, operate and maintain the Town wastewater collection and treatment system and reclaimed water system (the Town and District having entered into a new agreement with a competitor of CH2M HILL OMI to operate both the Town’s and the District’s domestic water systems); and

WHEREAS, on February 26, 2004, the Town entered into (and the District became a party to) Amendment No. 1 of the Agreement with CH2M HILL OMI in order for CH2M HILL OMI to now manage, operate and maintain both the Town’s and the District’s domestic water systems in addition to the Town’s wastewater collection and treatment system and reclaimed water system (the Town and the District having terminated the agreement with CH2M HILL OMI’s competitor); and

WHEREAS, on August 12, 2004, the Town and District entered into a Restated and Amended Agreement with CH2M HILL OMI for CH2M HILL OMI to manage, operate and maintain the Town and District domestic water systems, as well as the Town wastewater collection and treatment system and reclaimed water system; and

WHEREAS, on June 9, 2005, the Town and District again entered into a Restated and Amended Agreement with CH2M HILL OMI for Fiscal Year 2005-2006; and

WHEREAS, on June 29, 2006 the Town and District again entered into a Restated and Amended Agreement with CH2M HILL OMI for Fiscal Year 2006-2007; and

WHEREAS, on June 7, 2007, the Town and District again entered into a Restated and Amended Agreement with CH2M HILL OMI for Fiscal Year 2007-2008; and

WHEREAS, in 2008 the Town and District again issued a Request for Proposals from firms with experience in the management, operation and maintenance of both domestic water systems and wastewater collection and treatment system and reclaimed water systems to manage, operate and maintain the Town’s wastewater collection and treatment system and reclaimed water system, and the Town’s and District’s domestic water systems; and

WHEREAS, in the course of reviewing the proposals received, the District (along with the Company) was successfully dissolved as of April 15, 2008, and its domestic water system merged with the Town domestic water system; and

WHEREAS, on April 24, 2008, the Town entered into a new Agreement for Operations, Maintenance and Management Services with CH2MHILL OMI for the Wastewater Treatment Plant, the Wastewater Collection System, the Reclaimed Water System, the Recharge System and the Municipal Water Systems for a 5-year term (subject to annual renegotiation of the Total Base Fee; and

WHEREAS, on June 10, 2010, the parties agreed to amend said Agreement to extend the term an additional 2 years (to 2015) as consideration for OMI reducing its fee to accommodate financial constraints related to the world-wide economic recession; and

WHEREAS, based on a continuing successful partnership and excellent customer service, it is again recommended that CH2M HILL OMI provide management, operation and maintenance services for the Town's wastewater collection and treatment system, domestic water system, reclaimed water system and recharge system for the next 5-year period (subject to revisions each year primarily related to cost);

NOW, THEREFORE, for and in consideration of the mutual covenants and promises herein, the parties hereto agree as follows:

1 GENERAL

1. This Agreement is intended to replace the April 23, 2008 Agreement, as it has subsequently been amended, in its entirety.
2. Definitions of various words and phrases used in this Agreement are contained in Appendix A hereto.
3. All grounds, facilities, equipment, and vehicles now owned by the Town or acquired by the Town shall remain the property of the Town.
4. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Arizona.
5. None of the Parties shall assign or subcontract their obligations and duties under this Agreement, nor any portion thereof, without the express written approval of the other Parties. Such approval shall not be unreasonably withheld. The Town's written approval of such an assignment or subcontract shall not be considered as making the Town a party to such assignment or subcontract, nor as subjecting the Town to liability of any kind to any assignee or subcontractor. No assignment or subcontract shall under any circumstances relieve CH2M HILL OMI or its sureties of their obligations and liabilities under this Agreement.
6. All transactions shall be made through CH2M HILL OMI unless otherwise authorized by the Town. Any subcontractor shall be recognized and dealt with only as workmen and representatives of CH2M HILL OMI, and as such shall be subject to the same requirements of CH2M HILL OMI as set forth herein.

7. All notices, demands or other communications relating to this Agreement shall be in writing and shall be deemed duly served and delivered (a) upon personal delivery to any of the Parties' contact person, or (b) as of the second business day after placing the same in the United States mail as certified mail, postage prepaid, addressed as follows:

Town:

Town of Prescott Valley
c/o Town Manager
7501 E. Civic Circle
Prescott Valley, AZ 86314

CH2M HILL OMI:

CH2M HILL OMI, Inc.
Attn: Contracts Dept.
9193 S. Jamaica Street, Suite 400
Englewood, CO 80112

These names and addresses may be changed by any of the Parties by giving notice thereof in writing. Such notice by a party shall be deemed effective five (5) calendar days after being delivered to the other Parties.

8. This Agreement, including Appendices, is the entire agreement of the Parties. This Agreement may be modified only by written agreement signed by each of the Parties. Wherever used, the terms "CH2M HILL OMI", or "Town" shall include the respective officers, agents, directors, elected or appointed officials, and employees.
9. In the performance of this Agreement, CH2M HILL OMI (including its representatives and employees), is an independent contractor and does not act as an agent or employee of the Town.
10. CH2M HILL OMI warrants on behalf of the corporation, its employees, officers and representatives, that it has no interest, nor shall it acquire any such interest (directly or indirectly), which would conflict in any manner with the performance of the services contemplated by this Agreement.
11. CH2M HILL OMI agrees that in the performance of this Agreement it will comply with applicable state and federal civil rights, equal employment, and affirmative action laws and regulations, including Section 301 of Executive Order 11246, dated September 24, 1965, as amended. Furthermore:
 - 1.11.1 CH2M HILL OMI shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. CH2M HILL OMI shall take affirmative action to ensure that applicants are employed (and employees are treated during employment) without regard to race, color, religion, sex, or national origin. Such action includes (but is not limited to) the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection of conspicuous places (accessible to employees and applicants) for notices of these Equal Opportunity provisions.

- 1.11.2 CH2M HILL OMI shall, in all solicitations or advertisements for employees placed by or on behalf of CH2M HILL OMI, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- 1.11.3 CH2M HILL OMI shall comply with all provisions of Executive Order 11246, dated September 24, 1965, as amended, as well as with related rules, regulations, and orders of the Secretary of Labor.
- 1.11.4 CH2M HILL OMI shall furnish all information and reports required by Executive Order 11246, dated September 24, 1965, as amended, as well as those required by the rules, regulations, and orders of the Secretary of Labor, and shall permit access to its books, records, and accounts by the Secretary of Labor or his designee for purposes of investigating to ascertain compliance with such rules, regulations, and orders.
- 1.11.5 In the event of CH2M HILL OMI's non-compliance with these Equal Opportunity provisions or with any of the said rules, regulations, or orders, this Agreement may be canceled or terminated in accordance with procedures authorized in Executive Order 11246, dated September 24, 1965, as amended, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- 1.11.6 CH2M HILL OMI shall include the provisions of this Section 1.11.1 through 1.11.6 in every one of its subcontracts or purchase orders, unless the same are exempted by rules, regulations, or orders of the Secretary of Labor, or as otherwise provided by law.
12. CH2M HILL OMI further agrees that it will comply with all applicable national, state and local laws, statutes, regulations, and ordinances in performing this Agreement.
13. In the event any paragraph or provision of this Agreement is determined by a court to be invalid or unenforceable, the parties agree that all other provisions of the Agreement shall remain valid and in full force and effect.
14. Throughout the term of this Agreement, CH2M HILL OMI shall establish and maintain in Prescott Valley or conveniently adjacent thereto a local office with an authorized Project Manager. CH2M HILL OMI shall furnish the Town the name of such agent prior to commencing operations and shall notify the Town if the Project Manager is changed. The Town may interview the Project Manager whenever a change occurs.
15. Any request, instruction or order to CH2M HILL OMI's Project Manager shall constitute a communication with CH2M HILL OMI. Any action of the Project Manager shall constitute an action of CH2M HILL OMI. CH2M HILL OMI's Project Manager shall also serve as the point of contact for any dealings and communications with the public.
16. CH2M HILL OMI's office shall have a responsible person in charge thereof from 8:00 a.m. to 5:00 p.m., Monday through Friday. CH2M HILL OMI's office shall maintain telephone services commensurate with the need therefore, and shall provide the Town with necessary telephone numbers (including any not listed in directories).
17. In addition to the above-listed office hours, CH2M HILL OMI shall have a responsible person or persons on call during off hours and weekends. That individual/those individuals shall have a pager and/or mobile telephone to respond to emergency calls. The Town shall be provided with those telephone numbers. This local office may be established at the Prescott Valley Wastewater Treatment Plant Control Building.

18. The Town's point of contact shall be the Prescott Valley Utilities Director in all matters pertaining to this Agreement.
19. All terms, conditions and specifications of this Agreement are considered material, and failure to perform any of them shall be considered a material breach.
20. During the term of this Agreement, the Town shall have the right to inspect and/or copy any document related to the Prescott Valley Project maintained by CH2M HILL OMI at any reasonable time.
21. CH2M HILL OMI represents and warrants that it is a fully organized and validly existing corporation in good standing under the laws of the State of Arizona, and that the execution, delivery, and performance of this Agreement has been duly authorized by the responsible officer(s) thereof.
22. This Agreement may be cancelled without penalty per ARS §38-511 in the event of a conflict of interest, as described therein, by any person significantly involved in negotiating the Agreement on behalf of the Town.
23. This Agreement shall be binding upon the successors and assigns of each of the Parties as permitted herein.
24. CH2M HILL OMI shall provide the Town's personnel with access to the Project upon request. Visits may be made at any time by any of the Town's authorized employees. CH2M HILL OMI may require all visitors to the Project to comply with CH2M HILL OMI's operating and safety procedures.

2 SCOPE OF SERVICES - GENERAL

1. CH2M HILL OMI shall maintain all facilities associated with each of the utility systems described herein, including all pumping stations, treatment plants, wells, tanks, pressure reducing valves, pumping systems, booster stations, meters and any other appurtenances related to the function of the Town's utility systems.
2. CH2M HILL OMI shall prepare and submit to the Town for transmittal to appropriate agencies, all regulatory reports pertaining to operation and maintenance of the facilities specified herein. CH2M HILL OMI shall comply with all current local, State and Federal notice and reporting requirements, regarding violations, upsets, excursions, or emergencies
3. CH2M HILL OMI shall provide computerized maintenance, process control and laboratory management systems for the Project. These systems shall be capable of providing historical data. The Town shall have the right to inspect these records during normal business hours. The Computerized Maintenance Management System (CMMS) shall be capable of maintaining up to date documentation of critical spare parts inventory, equipment specification sheets, and equipment warranty information. The CMMS program will not include asset management tasks associated with the tracking of a warehouse inventory, labor costs, maintenance costs, and asset depreciation.
4. CH2M HILL OMI shall assist the Town with line locates associated with: each of our water systems, Wastewater collection system, Recharge and Re-use facilities. CH2M HILL OMI shall not be responsible for the accuracy of these locates and any claims associated therewith, except for its proportion of negligence associated with Blue Stake markings, and it shall rely and be

entitled to rely on information provided by the Town in providing Blue Stake markings. CH2M HILL OMI shall perform Blue Stake marking for all of the Utility Systems covered by this Agreement and shall pay all associated program fees

5. CH2M HILL OMI shall maintain the facilities (minor painting, sweep, HVAC, etc.) and perform routine building maintenance (painting, graffiti removal, etc.). Major painting projects, such as painting of tanks, buildings, are a capital improvement to be paid by the Town.
6. CH2M HILL OMI shall prepare for submittal by the Town required regulatory reports in a timely manner.
7. CH2M HILL OMI shall attend Town staff meetings and Council meetings, as requested by the Town.
8. CH2M HILL OMI shall provide and pay for disposal of debris, garbage, etc. (as required by facility).
9. CH2M HILL OMI shall provide and pay for all sampling, testing and reporting required by current statutes and regulations. Any additional laboratory testing and sampling requested by the Town will be provided on a fee per test basis to be determined at the time of the request. All compliance testing shall be performed by a laboratory and certified for that purpose. Monitoring Assistance Program, (MAP) fees will be paid for by the Town.
10. CH2M HILL OMI shall provide system updates including new facilities or corrections to existing data on an on-going basis to the Town's GIS database. System updates are Geo-referenced using a Town owned survey grade GPS unit. The Town provides a Trimble Geo XH GPS unit for this requirement.
11. CH2M HILL OMI shall provide updated information in a form suitable for inclusion into the Town's GIS system.
12. CH2M HILL OMI shall provide and pay for all Repairs as defined in this Agreement.
13. CH2M HILL OMI shall pay for all fines associated with the Public Water System, Wastewater System, Reclaimed Water System, and related permits to the proportionate extent that such fines are caused by the negligence of CH2M HILL OMI.
14. CH2M HILL OMI shall provide computerized maintenance, process control and laboratory management database systems.
15. CH2M HILL OMI shall provide and update annually an inventory of vehicles and equipment.
16. CH2M HILL OMI shall prepare a written operations plan and update as needed, at least annually.
17. CH2M HILL OMI shall prepare a written safety program and update as needed.
18. CH2M HILL OMI shall prepare a written QA/QC program and update as needed.
19. CH2M HILL OMI shall provide for twenty-four (24) hour coverage to handle emergencies.
20. CH2M HILL OMI shall provide, weekly, monthly, quarterly and annual reports, whose content shall be agreed upon by the Parties.

21. CH2M HILL OMI shall provide an Infrared (IR) scan of all electrical facilities/equipment, including picture reference and narrative of findings in an annual report for all facilities listed in Appendix B.
22. CH2M HILL OMI shall maintain all equipment through predictive and preventative maintenance practices as per manufacturer recommended frequencies. Annual Vibration Analysis shall be performed on all motors >125Hp; annual infrared thermography testing shall be performed on all electrical panels 120 Volts and greater located within the Project's Facilities listed in Appendix B.
23. CH2M HILL OMI shall provide and maintain a Backflow Prevention Program and work closely with the Town to enforce this requirement. TOKAY is the current software program used for the Backflow Prevention Program. All program costs to be paid for by CH2M HILL OMI.
24. CH2M HILL OMI shall be responsible for paying utility costs associated with the Long Mesa Office; potable water at the Advanced Wastewater Treatment Facility; and natural gas at the Quailwood Townhomes Lift Station.

3 SCOPE OF SERVICES— WASTEWATER TREATMENT PLANT

1. Within the permitted capacity and capability of the Wastewater Treatment Plant (hereinafter referred to as "Plant"), CH2M HILL OMI shall manage, operate, and maintain the Plant so that effluent discharged from the Plant meets the requirements specified in NPDES permit No. AZ0025381 and APP P-102503, unless one or more of the following occurs: (1) the Plant influent does not contain Adequate Nutrients to support operation of the Plant's biological processes and/or contains Biologically Toxic Substances that cannot be removed by the existing process(es) and facilities; (2) dischargers into the Town's sewer system violate any or all regulations as stated in the applicable Sewer Ordinance and, (3) the flow, influent biochemical demand (BOD₅,) and/or total suspended solids (TSS) exceeds the Plant's permitted capacity; in which case Appendix C.2 specifies responsibilities and remedies.
2. CH2M HILL OMI shall operate the necessary solids processes in accordance with the Project operations and maintenance manuals, applicable permits, and the standard operating procedures established by CH2M HILL OMI (as required hereinafter). CH2M HILL OMI shall perform necessary solids process sampling and testing to ensure the most efficient solids operation and full regulatory compliance with all agencies. CH2M HILL OMI shall operate these processes so as to minimize odors and nuisance insects, including providing all necessary chemical polymers, drying agents and deodorants.
3. CH2M HILL OMI shall prepare and submit to the Town for transmittal to appropriate agencies, all regulatory reports pertaining to operation and maintenance of the facilities specified herein. CH2M HILL OMI shall comply with all current local, State and Federal notice and reporting requirements, regarding violations, upsets, excursions, or emergencies related to the Wastewater Treatment Facilities.
4. CH2M HILL OMI shall provide for the disposal of screenings, grit, scum, sludges, and biosolids to an approved disposal site(s). In the event of any change in the Cost of this service due to increased or unusual quantities of material, or increases in landfill rates, hauling costs, or tipping fees, the Town and CH2M HILL OMI may negotiate a fee adjustment for the following year. The Town and CH2M HILL OMI agree that the Town is the Generator of the screenings, grit, scum, sludges and biosolids.

5. CH2M HILL OMI shall pay all solids (biosolids) disposal expenses related to the operation of the wastewater treatment system which shall be reimbursed by the Town.
6. Where land application is used as the method for disposal of biosolids, CH2M HILL OMI shall comply with the State AZPDES permit and Federal 40 CFR 503 regulations applicable to such method. Specifically, CH2M HILL OMI shall perform biosolids testing, and report the volume and quantity of biosolids land applied.
7. CH2M HILL OMI shall perform all laboratory testing and sampling for proper operations, process control and pre-treatment implementation and as currently required by the AZPDES, APP permit, USF Permit, SWPP Permit, and other associated permits. Additional laboratory testing and sampling requested by the Town will be provided on a fee per test basis to be determined at the time of the request.
8. CH2M HILL OMI may alter facilities to achieve the objectives of this Agreement; provided, however, that no alteration shall be made without the Town's written approval if alteration shall cost in excess of One Thousand Dollars (\$1,000.00).
9. CH2M HILL OMI shall provide and document all Preventive Maintenance for the Plant. The Town shall have the right to inspect these records during normal business hours.

4 SCOPE OF SERVICES – TOWN'S STORM DRAIN COLLECTION SYSTEM

1. CH2M HILL OMI shall provide storm drain cleaning at a labor rate of \$150 per hour plus fuel surcharge (based on DOE national average) and applicable landfill tipping fees. This price reflects the associated costs for the deployment and operation of one Vactor truck, two operators, and operations and management fees. Services shall be limited to flushing (jet rodding) and vactoring of catch basins, culverts, and storm drains with pipes/tunnels 48" in diameter or smaller. The Town shall provide the water source necessary for cleaning, traffic control and the removal and disposal of large trash and debris not easily removed via vactoring or flushing. Areas to be cleaned shall be easily accessible and allow for a safe working environment. Note: The efficiency of storm system flushing decreases when the length of storm drain line being cleaned exceeds 600 feet. In the event that CH2M HILL OMI's participation in storm drain cleaning interferes with its ability to perform its other duties under the contract, CH2M HILL OMI shall notify the Town of this conflict and the Town shall advise CH2M HILL OMI on how to proceed.

5 SCOPE OF SERVICES-TOWN'S WASTEWATER COLLECTION SYSTEM

1. Within the capacity and capability of the Project, CH2M HILL OMI shall manage, operate, and maintain the wastewater collection system so that free flowing conditions are maintained and overflows are minimized. All services contemplated herein shall be performed in accordance with industry standards subject to the capabilities of equipment provided to CH2M HILL OMI by the Town.
2. With regard to operations and maintenance of the wastewater collection system, CH2M HILL OMI shall observe all Prescott Valley Codes and Ordinances relating to obstruction of streets, keeping alleys or other rights-of-ways open, and protecting the same. Furthermore, CH2M HILL OMI shall obey all other such Codes and Ordinances regulating those engaged in such work.

3. After regularly-scheduled working hours, CH2M HILL OMI shall designate one (1) staff member as standby to respond to calls, within 1 hour of notification.
4. The wastewater collection system, including lines, manholes, and clean outs, shall be inspected and “high pressure cleaned” in accordance with the schedules specified herein. Locations not accessible by motorized inspection and cleaning equipment are excepted. When roots are encountered during routine “high pressure cleaning”, a root cutting tool shall be used to remove such roots.
5. CH2M HILL OMI shall clean approximately 60 (miles) of wastewater collection system main lines, manholes, and main line cleanouts with a goal to clean the entire collection system in 4 years. This amount shall include lines cleaned due to emergency blockage as well as lines cleaned for routine maintenance. On October 28, 2013, the Town initiated the cleaning schedule (the "Annual Collections Cleaning Schedule") for this work prescribed in the ADEQ Consent Decree which, must be completed by October 28, 2015. CH2M HILL OMI shall perform this work in accordance with the Annual Collections Cleaning Schedule, which shall be mutually agreed upon by the Parties and shall be incorporated by reference into this Agreement. In the event of emergency blockages of any collection system main lines, manholes, and main line cleanouts during the initial 60 miles of line cleanouts that have been previously cleaned, the lines will be cleaned again.
6. CH2M HILL OMI shall ensure that all wastewater collection system will be cleaned at least once every 4 years. This obligation shall not apply if, for any reason, this Agreement is not extended beyond the initial term.
7. CH2M HILL OMI shall prepare an inspection schedule for those portions of the system where access prevents the use of motorized line cleaning equipment, and inspect such lines to verify the condition of the lines. If conditions warrant cleaning, the Town shall assist CH2M HILL OMI in gaining access to such lines.
8. A preventive maintenance schedule to “high pressure clean” problem areas (hereinafter referred to as “Hot Spots”) shall be mutually agreed upon and specified herein. The schedule shall identify the specific location and frequency of cleaning for each Hot Spot, and may only be modified, as mutually agreed upon in writing. The Town and CH2M HILL OMI will seek alternative solutions to correct the cause(s) for the listing of any Hot Spot with the intent that such a location be eventually removed from the Hot Spot list.
9. CH2M HILL OMI shall respond to blockages upon 1 hour of notification. Due diligence shall be exercised to clear the blockage. If the blockage cannot be cleared using equipment assigned to the Project for CH2M HILL OMI’s use, CH2M HILL OMI will secure the services of a subcontractor having the equipment necessary to clear the blockage or otherwise repair the line to restore free flowing conditions. Costs for this will fall under the “Repair” provisions of this Agreement.
10. In the event cleaning or inspection discloses a requirement to perform excavation, trenching, backfilling and surface restoration associated with the repair or replacement of pipes, laterals, and manholes, CH2M HILL OMI shall make the needed repairs or may obtain the services of a subcontractor to perform this work. Costs for this will fall under the “Repair” provisions of this Agreement.

11. CH2M HILL OMI shall maintain a record of activities, including: 1.) for routine cleaning, the date, location, and feet of lines serviced, 2.) for blockages, the date, time, location, and to the degree possible, cause(s) for such blockage; and, 3.) for other observations or activities, a record of the date, time, and a brief description.
12. The parties have agreed that CH2M HILL OMI shall not be required to provide chemical root treatment of the wastewater collection system lines during this current period of the Agreement.
13. This scope of services specifically excludes: dye and smoke testing, adjusting and leveling manholes, and control of vectors, unless specified otherwise.
14. CH2M HILL OMI shall provide Cockroach Control for the wastewater collection system as needed. Cockroach control shall consist of chemical treatment of manholes. Costs for the Cockroach Control, shall be paid through the wastewater Repairs budget.
15. CH2M HILL OMI shall provide sanitary sewer mainline, side sewer laterals and from time to time storm video inspection services of approximately 5 miles, in addition to the inspection of all mainline blockages. Notwithstanding any other terms contained in this Agreement, CH2M HILL OMI shall only be responsible for willful or negligent damage resulting from the video inspections provided by CH2M HILL OMI.

6 SCOPE OF SERVICES-TOWN'S RECLAIMED WATER SYSTEM

1. OMI shall provide operations and maintenance for the reclaimed water system. This system includes the pumping station at the treatment plant, and the booster station and force main (as well as the lake and recharge well appurtenances) at Mountain Valley Park. Scope of service is to include day-to-day operations and maintenance, sampling, laboratory analysis, meter reading and regulatory reporting. All sampling and meter reading shall be completed as required by the applicable AZPDES, Aquifer Protection, USF, and Recharge permits.

7 SCOPE OF SERVICES – RECHARGE FACILITIES

1. The scope of service for the recharge facilities includes routine maintenance and repair of the recharge berms in the Agua Fria River (including re-building the berms after rainfall events). CH2M HILL OMI shall maintain logs of maintenance activities and locations in support of the Town's documentation for obtaining recharge credits. All work shall conform to the requirements contained in the Town's ADWR recharge permit.
2. CH2M HILL OMI shall perform inspections and data reporting to the Town on the five (5) newly constructed recharge basins making up the North Plains Recharge Facility. These tasks include: daily; weekly; monthly; quarterly; semi-annual; and annual inspections. The parties shall mutually agree upon the North Plains Recharge Facility Operational Tasks, in a mutually agreed upon schedule which shall be incorporated to this Agreement by reference. The time required to complete inspections and reporting in subsequent years will be reassessed annually. The Town will be responsible for all regulatory reporting requirements however; CH2MHILL OMI will assist the Town in preparing all regulatory reports.

8 SCOPE OF SERVICES – TOWN'S WATER PRODUCTION AND DISTRIBUTION SYSTEM

1. CH2M HILL OMI shall, within the capacity and capability of the Town's respective facilities, manage, operate and maintain the water production and distribution system to meet current legal requirements as follows.

2. CH2M HILL OMI shall perform water meter reading and provide readings to the Town's billing system.
3. CH2M HILL OMI shall meet all of the Town's performance requirements related to service calls and meter reading, as listed in Appendix H.
4. CH2M HILL OMI shall assist the Town in gathering data for preparation/update of a vulnerability assessment (including terrorism component).
5. CH2M HILL OMI shall maintain chemical feed equipment and provide chemicals (chlorine, etc.).
6. CH2M HILL OMI shall maintain adequate water availability at all times within the capabilities of the respective systems.
7. CH2M HILL OMI shall respond to customer complaints.
8. CH2M HILL OMI shall replace water meters as needed.
9. CH2M HILL OMI shall install new water meters and services as needed. All meters shall become the property of the Town. CH2M HILL OMI shall provide and pay for all water meters for the Town's domestic water system, CH2M HILL OMI shall provide the Town with an accounting of meter costs.
10. CH2M HILL OMI shall inspect, repair and replace valves (gate/PRV/etc.) as needed. Fire hydrants shall be repaired or replaced by CH2M HILL OMI. Currently Central Yavapai Fire Department (CYFD) inspects all fire hydrants and will notify CH2M Hill of any associated maintenance requirements.
11. CH2M HILL OMI shall install new residential water service lines from time to time (including tapping water main lines) for any build-out lot not properly associated with any of the existing or newly platted subdivisions within the Town's Water Service Area. CH2M HILL OMI will provide the tap for any new commercial development which has completed the Commercial Water Tap Application.
12. CH2M HILL OMI shall perform semi-annual System flushing.
13. CH2M HILL OMI shall implement, operate and maintain the Town's Back Flow Prevention program. CH2M HILL OMI shall supply these programs and pay for all associated program costs.
14. CH2M HILL OMI agrees to relocate up to 10 meters per contract year. This shall be limited to those meters that encroach on private property or have been misplaced.
15. CH2M HILL OMI shall participate in the meter replacement program which shall consist of replacing manual read meters with radio read type meters. The Town anticipates that approximately one thousand five hundred (1500) meters will be replaced during this contract year. CH2M HILL OMI shall install/replace these meters as part of this Agreement.
16. The Town will provide CH2M HILL OMI with the necessary location information in advance of the work so that CH2M HILL OMI can plan for and install the meters as efficiently as possible.

It is the Town's intent to replace meters in groups by meter routes (books) or common geographic locations.

17. CH2M HILL OMI shall prepare the annual Consumer Confidence Report (CCR) and pay for the preparation and distribution to all water customers in the Town's water production and distribution systems.
18. CH2M HILL OMI shall participate in a leak detection program of approximately 20 miles of water lines varying in size and shall consist of training and periodic deployments of leak detection equipment in areas which shall be designated by the Town. The main focus for this scope of work in this contract year will be to become familiar with the equipment and the technology. In the event that CH2M HILL OMI's participation in the leak detection program interferes with its ability to perform its other duties under the contract, CH2M HILL OMI shall notify the Town of this conflict and the Town shall advise CH2M HILL OMI on how to proceed.

9 SCOPE OF SERVICES-REPAIRS

1. CH2M HILL OMI shall pay for each and every repair to the wastewater treatment system, wastewater collection system, reclaimed water system, domestic water systems and recharge system.
2. All repairs in excess of Three Thousand Dollars (\$3,000.00) must be pre-authorized by the Town. CH2M HILL OMI is not required to obtain such approval, however, if it determines (in its sole discretion) that there is not sufficient time to obtain such approval and avoid any of the following: an emergency; a violation of any Federal, State or local statute, regulation, or permit; or any other provision of this Agreement.
3. The Repairs Costs shall not include the salary cost of CH2M HILL OMI's onsite personnel assigned to the Project making such repair. However, due to the size, complexity, technical nature, or timing for completion of such repairs, CH2M HILL OMI may subcontract or provide CH2M HILL OMI personnel outside of the Project to make such repairs and charge such services to the Repairs budget. CH2M HILL OMI will provide the Town with a detailed monthly report and accounting of all Repairs.

10 SCOPE OF SERVICES—OUT OF SCOPE SERVICES

CH2M HILL OMI shall perform other services that are incidental to the Scope of Services, as directed by the Town. Such services will be invoiced to the Town at CH2M HILL OMI's cost plus fifteen percent (15%) or as otherwise mutually negotiated and agreed upon. Out of Scope Engineering Services may be performed by an affiliated entity of CH2M HILL OMI. However, no payment for such services will be made unless prior written authorization to CH2M HILL OMI is granted by the Town.

11 SCOPE OF SERVICES—SUBCONTRACTING

1. In directing its officers, employees, agents, assigns, and subcontractors, CH2M HILL OMI shall ensure that:
 - a) none of these identify themselves, or in any way represent themselves, as being employees, officials or agents of the Town;

- b) all of these wear a clean uniform shirt during work hours bearing the CH2M HILL (or subcontractor) insignia. The color of the uniform shirt is to be such that it does not resemble those worn by the Town's employees. Those who normally and regularly come in direct contact with the public shall also wear in clear view (or produce upon request) either a name tag or an identification card, or both;
- c) all of those operating vehicles and equipment possess and carry at all times any operators' licenses required by the State of Arizona; and
- d) none of these drink alcoholic beverages or use intoxicating or debilitating chemical substances while on duty, or in the course of performing their duties under this Agreement. CH2M HILL OMI shall immediately remove from duty under this Agreement any officer, employee, agent, assign, or subcontractor under the influence of such substances or appearing so to be.

12 TOWN'S RESPONSIBILITIES

The Town shall:

- 1. Reimburse CH2M HILL OMI for costs for repairs, purchasing water meters and biosolids disposal as defined in other sections of this Agreement. CH2M HILL OMI shall not markup invoices associated with these activities.
 - a. Directly pay for all utility costs, except for Items listed in Section 2.24.
 - b. Provide for all Capital Expenditures.
 - c. Maintain all existing Project warranties, guarantees, easements, and licenses that have been granted to the Town.
 - d. Pay any ad valorem or franchise taxes or fees associated with the Project.
 - e. Provide for CH2M HILL OMI's use of the Town's vehicles and equipment presently in use at the Project.
 - f. In the event of emergencies (and upon request), provide CH2M HILL OMI with temporary use of available pieces of the Town's equipment (not listed in Appendix E) needed by CH2M HILL OMI to discharge its obligations under this Agreement in a cost-effective manner. If such equipment is not available in the event of such emergencies, CH2M HILL OMI may request approval from the Town to rent such equipment and invoice the Town as a "repair".

13 COMPENSATION

- 1. The Town shall pay to CH2M HILL OMI as compensation for services performed under this Agreement Base Fees as defined below. In addition to the Base Fees, the Town shall reimburse CH2M HILL OMI monthly (or as invoiced if less frequent than monthly) for costs incurred for services identified as "reimbursable".

See Table Below:

	Wastewater Treatment Plant and Wastewater Collection System	Reclaimed Water System	Recharge System	Town of Prescott Valley Water System	TOTALS
Base Fee	\$ 1,020,980.30	\$ 143,472.82	\$ 93,919.52	\$2,233,359.30	\$3,491,731.94
Electricity	Paid by Town	Paid by Town	Paid by Town	Paid by Town	
Small Sewer Projects (reimbursable)	\$ 75,000.00				\$75,000.00
Well Rehabilitation Program (reimbursable)				\$ 150,000	\$150,000.00
Repairs (reimbursable)	\$ 275,000.00	\$ 25,000.00	\$ 25,000.00	\$ 310,547	\$635,547
Water Meters (reimbursable)				\$ 502,300.00	\$502,300
Biosolids (reimbursable)	\$ 300,000.00				\$300,000
Magnesium Hydroxide (reimbursable)	\$ 40,000.00				\$40,000
TOTALS	\$ 1,710,980.30	\$ 168,472.82	\$ 118,919.52	\$ 3,196,206.30	\$5,194,578.94

All of the above listed fees shall be in effect from July 1, 2015 through June 30, 2016.

CH2M HILL OMI shall not mark-up any costs that are submitted for reimbursement except for costs that are considered to be Out-of-Scope. However, CH2M HILL OMI shall be entitled to a mark-up of fifteen percent (15%) of all reimbursement costs that exceed One Million Seven Hundred Two Thousand Eight Hundred Forty Seven Dollars (\$1,702,847.00) annually.

2. Each year of this Agreement, the Base Fees shall be renegotiated by the applicable Parties on or before March 1st. The Base Fee shall be renegotiated using the then existing level of services being performed and existing Base Fee as a baseline, while taking into consideration any proposed changes to the levels of service for the upcoming contract year.
3. In the event that a change occurs in the scope of services to be provided by CH2M HILL OMI under this Agreement, the Town and CH2M HILL OMI will negotiate a commensurate adjustment in the respective Base Fees, or abide by Section 10 of this Agreement, as mutually agreed.

14 PAYMENT OF COMPENSATION

1. For the current year of this Agreement, one twelfth (1/12) of the Base Fees shall be due and payable on the first of the month following each month that services are provided.

2. All other compensation to CH2M HILL OMI is due on receipt of CH2M HILL OMI's invoice and payable within thirty (30) days. CH2M HILL OMI reserves the right to bill for all other compensation on a monthly basis.
3. The Town shall pay interest at an annual rate equal to Wells Fargo Bank N.A.'s prime rate plus one and one-half percent (1-1/2%) (said amount of interest not to exceed any limitation provided by law) on payments not paid and received within 30 calendar days, such interest being calculated from the due date of the payment.

15 INDEMNITY, LIABILITY, AND INSURANCE

1. CH2M HILL OMI shall indemnify, defend, and hold harmless the Town and its respective officers, officials, employees, agents and successors for, from and against any and all liability, loss, damage, expense, and costs (including, without limitation, costs and fees of litigation) of every nature arising out of or in connection with negligent performance of work pursuant to this Agreement, willful misconduct hereunder, or failure to comply with any of CH2M HILL OMI's obligations under this Agreement, by CH2M HILL OMI, its officers, employees, agents, assigns and subcontractors (except such loss or damage caused by the negligence or willful misconduct of the Town, its officers, officials, employees, agents and successors).
2. CH2M HILL OMI shall be liable for those fines and civil penalties which may be imposed by regulatory agencies for violations of the effluent quality requirements specified in Section 3.1 of this Agreement, resulting from the negligent, or willful acts of CH2M HILL OMI, its officers, employees, agents, assigns and subcontractors. The Town will assist CH2M HILL OMI in contesting any such fines and civil penalties in applicable administrative or legal proceedings, prior to any payment by CH2M HILL OMI. CH2M HILL OMI shall pay the costs of contesting any such fines and civil penalties.
3. Each of the Parties shall obtain and maintain insurance coverage of a type and in the amounts described in Appendix G hereto. With regard to such insurance:
 - a) CH2M HILL OMI shall carry a policy with a company authorized to do business in Arizona to protect itself against liability under the Arizona Workers' Compensation Statutes. [ARS §23-901 et seq.]
 - b) CH2M HILL OMI shall file with the Town, and maintain on file throughout the term of this Agreement, a comprehensive liability insurance policy that is primary and noncontributory, issued by a company duly authorized to do business in the State of Arizona, insuring the Town and CH2M HILL OMI with respect to the work performed by CH2M HILL OMI under this Agreement. The Town shall be named as an additional insured on CH2M HILL OMI's policy and the policy shall contain an appropriate severability of interest clause and cross liability endorsement. CH2M HILL OMI shall provide the Town with proof of continued liability insurance as required herein effective through the closure of its operation and maintenance of the facilities pursuant to this Agreement. It is expressly understood that the liability coverage for the Town shall survive any termination of this Agreement.
 - c) Certificates of Insurance evidencing continuous insurance as set forth above (and showing the Town as an additional insured) shall be routinely furnished to the Town as the previous ones expire. The town shall also be notified by any insurer a minimum of 30 calendar days prior to the effective date of any modification or cancellation of insurance.

- d) It is CH2M HILL OMI's responsibility to maintain adequate insurance coverage at all times. Failure to do so shall not relieve CH2M HILL OMI of any other obligations or responsibilities herein, including hold harmless and indemnification obligations. Failure on the part of CH2M HILL OMI to maintain these insurances in full effect shall be a material breach of this Agreement.
4. It is understood and agreed that, in seeking the services of CH2M HILL OMI under this Agreement, the Town is requesting CH2M HILL OMI to undertake uninsurable obligations for the Town's benefit involving the presence or potential presence of hazardous substances. Therefore, the Town agrees to hold harmless, indemnify, and defend CH2M HILL OMI for, from and against any and all claims, losses, damages, liability, and costs (including, but not limited to, costs of defense), arising out of or in any way connected with the presence, discharge, release, or escape of contaminants of any kind, excepting only such liability as may arise out of negligence or willful misconduct with regard to applicable environmental laws and regulations by CH2M HILL OMI, its officers, employees, agents, assigns and subcontractors in the performance of services under this Agreement.
5. In no event shall CH2M HILL OMI, its subcontractors or their officers or employees be liable for the Town's special, indirect or consequential damages, whether such liability arises in breach of contract or warranty, tort (including negligence), strict or statutory liability, or any other cause of action.
6. In no event shall the town, its subcontractors or its officers or employees be liable for CH2M HILL OMI's special, indirect or consequential damages, whether such liability arises in breach of contract or warranty, tort (including negligence), strict or statutory liability, or any other cause of action.
7. CH2M HILL OMI and the Town recognize that existing conditions within wastewater collection systems vary and that failures may occur in the systems over time. CH2M HILL OMI agrees to exercise due diligence to maintain free-flowing conditions within the wastewater collection system, but may not be able to prevent blockages or backups. Therefore, the Town agrees to defend CH2M HILL OMI against claims for injury, property damage, or economic loss arising from failures in the wastewater collection system until such time as it is established by a finder of fact that such claims were caused by CH2M HILL OMI's negligence. Furthermore, the Town agrees to indemnify CH2M HILL OMI against such claims for injury, property damage, or economic loss arising from failures in the wastewater collection system unless such claims are caused by CH2M HILL OMI's negligence. This Section takes precedence over any conflicting section of this Agreement, and extends to CH2M HILL OMI, its officers, employees, and subcontractors.
8. CH2M HILL OMI's responsibility is to operate the facilities in compliance with current laws and regulations, to the extent of the design and physical capacity. It is not part of CH2M HILL OMI's scope to test for or eliminate water-borne bacteria or viruses except as required by current laws and regulations.
9. The Town acknowledges that it has legal authority to enforce certain maintenance and access rights in public utility easements. Where CH2M HILL OMI believes that it, as the Town's agent, is being denied maintenance and/or access rights, the Town shall, in good faith, take steps reasonably within their legal authority to enforce said maintenance and/or access rights.

16 TERM AND TERMINATION; REMEDIES FOR BREACH

1. The term of this Agreement shall begin July 1, 2015, and shall end June 30, 2020. Upon mutual agreement the Contract may be extended for additional periods of time during this 5 year contract period unless cancelled by either party not less than one hundred twenty (120) days prior to Expiration.
2. Any of the Parties may terminate this Agreement for a material breach of this Agreement by any of the other Parties after giving written notice of the breach and allowing said other Parties 30 days to correct the breach. Excepting breaches by the Town for non-payment of CH2M HILL OMI's invoices, none of the Parties shall terminate this Agreement without giving the other Parties written notice of intent to terminate for failure of the other Parties to correct the breach within 30 days.
3. Any of the Parties may terminate this Agreement for "convenience" upon ninety (90) days written notice given by the terminating Parties. However, it is understood that the intent of this Agreement is to complete entire terms (once renewed). Therefore, the Parties shall cooperate in good faith to remedy concerns that are raised.
4. In the event of termination of this Agreement for convenience by the Town, the Town shall pay to CH2M HILL OMI the following:
 - a) a demobilization fee equal to 1/12th of the Base Fee in effect upon written notice of such termination by the Town
5. In the event of termination of this Agreement for a material breach by CH2M HILL OMI, the Town may take any of the following actions:
 - a) at its option, take possession of all of CH2M HILL OMI's equipment and site specific maintenance and operations records, used in the performance of this Agreement;
 - b) retain possession of said equipment, facilities, and records until other such items can be acquired by the Town for operation of the system, or until another operator can be engaged to perform the service;
 - c) At its option, purchase CH2M HILL OMI's equipment for the balance of costs owed pursuant to the amortization schedule set forth in Appendix E hereto;
 - d) Pay CH2M HILL OMI the reasonable rental value of any such equipment, employees, records and facilities during the time the same are used by the Town (in the event the Town elects not to purchase the same). Any liability of the Town to CH2M HILL OMI during this period for loss or damage to the same shall be limited to actual provable damage (ordinary wear and tear specifically excepted). The burden of proof shall be CH2M HILL OMI's;
 - e) At its option and discretion, retain such operating and supervisory employees of CH2M HILL OMI (on temporary status under the Town's personnel rules) as may be necessary to provide uninterrupted service. In so doing, the Town shall endeavor to provide for the rights and privileges of such employees.

- f) Deduct any and all operating and maintenance expenses incurred by the Town from any money then due or which may become due CH2M HILL OMI and, should the Town's reasonable costs for continuing the operation exceed any amount due CH2M HILL OMI, collect the same either from CH2M HILL OMI or its surety or both, and assert a lien on all properties (real or personal) of CH2M HILL OMI.
6. In the event of any indication that any of the Parties cannot or will not correct a material breach after notification as per provisions of Section 15.2 herein, the non-breaching Parties may take whatever action by whatever means they consider appropriate to correct the breach, after providing notice. Costs incurred in so doing may be recovered by billing the same to the breaching Parties. A penalty may also be billed equal to 1-1/2 times the cost to be recovered. In the event that such a billing is not paid within 30 calendar days of mailing, a deduction from any monies owed the breaching Parties, a claim against any Performance Bonds, or both, may be pursued by the non-breaching Parties.
 7. The failure of any of the Parties at any time to require performance by any of the others of any provisions herein shall in no way affect the right of those Parties to thereafter enforce the same. Nor shall a waiver by any of the Parties of a breach by the other Parties of any term, covenant, or condition contained in this Agreement be taken or held to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained in this Agreement, nor as a waiver of such term, covenant, or condition. No term, covenant, or condition of this Agreement shall be deemed to have been waived by any of the Parties unless such waiver is in writing.
 8. In the event CH2M HILL OMI files, voluntarily or involuntarily, any bankruptcy proceedings, this Agreement shall immediately terminate and in no event shall this Agreement be, or be treated as, an asset of CH2M HILL OMI or of the bankruptcy estate. Such filing shall in no event relieve CH2M HILL OMI of previous responsibilities and liabilities under this Agreement, particularly environmental responsibilities and liabilities.
 9. Upon any completion or termination of this Agreement, copies of any and all records, logs, charts, graphs, or other documents maintained by CH2M HILL OMI in connection with the operation of the Town's facilities, which are not financial documents, shall be provided by CH2M HILL OMI to the Town.
 10. Upon any completion or termination of this Agreement, CH2M HILL OMI shall assist the Town in resuming operation of the Project. CH2M HILL OMI will provide the town at the date of completion or termination the quantities of surplus unopened chemicals for all water and wastewater operations. The Town will pay CH2M HILL OMI for the Cost of surplus unopened quantities not currently in use. If additional Cost is incurred by CH2M HILL OMI at the request of the Town, the Town shall pay CH2M HILL OMI such Cost in accordance with Section 10 herein.
 11. Arbitration may be attempted if both parties mutually so agree either before, during or after litigation.
 12. In the event any action, suit, or proceeding is brought for failure to observe any of the terms, covenants, or provisions of this Agreement, the prevailing Parties shall be entitled to recover as part of such action or proceeding all litigation and collection expenses including, but not limited to, witness fees, court costs, and reasonable attorneys' fees.
 13. Any and all suits for any and every breach of this Agreement, and any other judicial proceeding for the enforcement or interpretation of this Agreement, shall be instituted and maintained in a court of proper jurisdiction in the County of Yavapai, State of Arizona.

17 LABOR DISPUTES; FORCE MAJEURE

1. In the event activities by the Town's employee groups or unions cause a disruption in CH2M HILL OMI's ability to perform at the Project, the Town (with CH2M HILL OMI's assistance), or CH2M HILL OMI (at its own option), may seek appropriate injunctive court orders. During any such disruption, CH2M HILL OMI shall operate the facilities on a best-efforts basis until any such disruptions cease.
2. None of the Parties shall be liable for failure to wholly perform their duties under this Agreement if such failure is caused by catastrophe, act of war, civil disturbance, act of God, or other similar contingency beyond the reasonable control of said Parties. However, in such event the non-performing Parties shall take such extraordinary measures as may be necessary in order to perform as quickly as possible. The other Parties may assist in any manner deemed necessary by them, or may take any other action they deem appropriate to ensure that needed services are performed.
3. Should a disaster or other emergency befall the Town or the surrounding immediate area, such equipment and manpower as CH2M HILL OMI has on hand shall be made available for use by the Town. In such event, the Town shall determine the services to be provided by CH2M HILL OMI and the equipment and manpower needed, then shall allocate the remainder to the emergency as they deem necessary. In any case, equitable distribution of costs resulting from such disaster or other emergency shall be mutually determined by the Parties.

18 ENTIRE AGREEMENT

This Agreement, together with all exhibits attached thereto, contains all representations and the entire understanding between the Parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, or agreements, whether or not such correspondence, memoranda or agreements are in conflict with this Agreement, are intended to be replaced in total by this Agreement and its exhibits. The parties mutually declare there are no oral understandings or promises not contained in this Agreement, which contains the complete, integrated, and final agreement between the Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement by and through their authorized representatives the day and year first-above written.

**OPERATIONS MANAGEMENT
INTERNATIONAL, INC.**

TOWN OF PRESCOTT VALLEY

Authorized signature:

Authorized signature:

Scott Neelley - Vice President

Harvey C. Skoog - Mayor

Date: _____

Date: _____

ATTEST:

ATTEST:

Name:
Secretary

Diane Russell
Town Clerk

APPROVED AS TO FORM:

Ivan Legler
Town Attorney

APPENDIX A - DEFINITIONS

- A.1 “Adequate Nutrients” means plant influent nitrogen, phosphorus and iron contents proportional to BOD₅ in the ratio of 5 parts nitrogen, 1 part phosphorous, and one-half (1/2) part iron for each one hundred (100) parts BOD₅.
- A.2 “Biologically Toxic Substances” means any substance or combination of substances contained in the plant influent in sufficiently high concentrations so as to interfere with the biological processes necessary for the removal of the organic and chemical constituents of the wastewater required to meet the discharge requirements of the Town’s NPDES permit. Biologically toxic substances include but are not limited to heavy metals, phenols, cyanide, pesticides, and herbicides.
- A.3 “Capital Expenditures” means any expenditures for (1) the purchase of new equipment or facility items that are not routine maintenance expenditures; (2) expenditures that are planned, non-routine and budgeted by the Town.
- A.4 “Cost” means the total of all costs determined on an accrual basis in accordance with generally accepted accounting principles including, but not limited to, direct labor, labor overhead, chemicals, materials, supplies, utilities, equipment, maintenance, repair, and outside services.
- A.5 “Equipment” includes pumps, motors, sweeps, valves, valve control devices, meters, electrical panels, piping, sludge de-watering devices, standby power, wiring, computers, etc., and maintenance includes inspection, periodic diagnostic and preventative maintenance, adjustment, alignment, load tests, cleaning, exercising, and additional upkeep in order to prevent premature failure or undue wear in accordance with industry standards and per the O&M Manuals for said equipment. Plant security devices (including, but not limited to, locks, fences, fence signage, fence gates, security lighting, fire alarms, autodialers, fire extinguishers, and associated equipment) are tested, maintained and replaced so as to keep the same in good working order. All standby emergency power generating equipment is maintained, serviced and fully load-tested in accordance with the manufacturers’ recommendations.
- A.6 “Incidental to the Scope of Services” means those services requested by the Town not specifically identified or included in CH2M HILL OMI’s Costs, but related or similar in nature to the services contemplated under this Agreement, including (but not limited to): services and/or costs presently the responsibility of the Town, newly-mandated Regulatory Agency requirements, pretreatment and industrial monitoring (except as described in this Agreement), CH2M HILL OMI-purchased capital equipment authorized and reimbursable by the Town, sewer rate studies, engineering services, etc.
- A.7 “Maintenance” means the cost of those routine and/or repetitive activities required or recommended by the equipment or facility manufacturer or CH2M HILL OMI to maximize the service life of the equipment, sewer, vehicles, structures and facility.
- A.8 “Project” means all equipment, vehicles, grounds and facilities described in Appendix B and where appropriate, the management, operations and maintenance of such.
- A.9 “Repairs” means the cost of those non-routine and/or non-repetitive repair activities that are required for operational continuity, safety, and performance generally due to failure or to avert a failure of the equipment, sewer, structures, vehicles, facility or some component thereof. Repairs as defined in this Agreement specifically exclude replacement of equipment and the associated costs. Furthermore, subject to the capabilities and limitations of staff and equipment assigned to the Project, CH2M HILL OMI will limit subcontracting repairs.

The Small Sewer Projects and the Well Rehabilitation Program listed in Article 12, Subsection No. 1, shall be considered Repairs.

- A.10 “Structures” include buildings, shops, offices, sheds, concrete and steel tanks, pavements, walkways, landscaping and appurtenant improvements, etc., and maintenance includes keeping the same in a clean and neat condition. All painted exterior structure surfaces are thus kept clean and repainted at the first sign of peeling or weathering. The interior of buildings and structures are kept neat and clean and floors are waxed at least once per month. Liquid-containing tanks are washed or hosed-down on a regular basis (at least once per week) to prevent algae or scum buildup and to reduce odor. Roof, door or window leaks are repaired immediately after discovery, in order to lessen further damage. All OSHA structure lighting, heating and air conditioning requirements are followed, along with any others necessary to prevent damage to plant equipment. All walkways, sidewalks, steps, stairs, and landings are kept clean, snow and ice free, and clear of obstructions in accordance with OSHA regulations. Turf is watered and cut, trees and shrubs are maintained, nuisance weeds are cut, signs are maintained, fences and gates are repaired, wind-blown debris is cleared, etc. The discharge out-fall line is maintained to ensure full integrity and function (including protecting against erosion at the site of discharge). Finally, the treatment plant on-site reuse system is maintained per current industry standards, the O&M Manual, and any regulatory permit requirements.
- A.11 “Work” means the furnishing of all labor, expertise, materials, equipment, and other incidentals necessary for the successful completion of this Agreement and the carrying out of all duties and obligations imposed thereby.
- A.12 “Reimburse” or “Reimbursable” means that the purchaser of materials, supplies or services shall receive compensation (as defined elsewhere in this document) for costs incurred.

APPENDIX B - LOCATION OF PROJECT

B.1 CH2M HILL OMI agrees to provide the services necessary for the management, operation and maintenance of the following:

B.1.1 All equipment, vehicles, grounds and facilities now within the present property boundaries of or being used to operate the Town's Wastewater Treatment Plant located at:

1100 East Treatment Plant Drive

B.1.2 All equipment, vehicles, grounds and facilities now within the present property boundaries of lift stations described as follows:

Victorian Estates Lift Station, The Viewpoint Lift Stations, Fifth Street Lift Station, Pronghorn Ranch Lift Stations, Stoneridge Basin E Lift Station, Stoneridge Basin D Lift Station, Stoneridge Unit 4 Lift Station, Orchard Ranch Lift Station, Quailwood Townhomes Lift Station and Quailwood Meadows Lift Station.

B.1.3 The entire wastewater collection system currently in place for which the Town is responsible (mainline manhole to manhole), and wastewater collection systems for those subdivisions which are known to be currently under construction.

B.1.4 All equipment, grounds and facilities encompassing the effluent recharge system between the wastewater treatment plant and the Northplains Recharge Facility; the effluent recharge system currently in place at Mountain Valley Park, and between Mountain Valley Park and the Stoneridge Golf Course Pond, including the Effluent Booster Pump Station at Mountain Valley Park.

B.1.5 All equipment, grounds, and facilities now existing within the current property boundaries of or being used to operate the Town's Water Production and Distribution systems and identified in the Town's distribution system maps, inventory list, or other documents, as follows:

B.1.5.1 TOWN DOMESTIC WATER SYSTEM

The Town's domestic water system is divided into 4 systems, defined by separate water system identification numbers.

- The Viewpoint/Pronghorn system (13-314) has 2 wells and 2 tanks, and serves the Viewpoint and Pronghorn Ranch subdivisions. Some commercial development within this system is expected in the very near future.
- The Mingus/Fairgrounds system (13-247) also consists of 2 wells and 2 tanks and has 2 pressure reducing stations at the Yavapai County Fairgrounds. This system serves the Mingus West subdivision and the Yavapai County Fairgrounds.
- The Upper System (13-048) has approximately 11 wells, 5 tanks, three (3) booster pump stations, and approximately twenty (27) pressure reducing stations. This system serves the majority of Prescott Valley, including Castle Canyon Mesa, Lynx Lake Estates, Victorian Estates, Diamond

Valley, Bradshaw Water Company, and the Grapevine Industrial Park on the east side of the Town. The North Wellfield and the Granville Booster Station are included with this system. The Lower System (13-063) consists of 6 wells, 4 tanks, a pressure booster station, and 7 pressure reducing stations. This area serves the southeast part of the Town and includes the Prescott Country Club, Villages at Lynx Creek, Quailwood Meadows and Orchard Ranch RV Park. In addition, this system includes the commercial areas along the Highway 69 and Highway 169 corridors.

APPENDIX C - NPDES PERMIT AND PROJECT CHARACTERISTICS

- C.1 CH2M HILL OMI will operate the Project so that effluent will meet the requirements of NPDES permit No. AZ0025381 and Arizona Aquifer Protection permit No. P-102503. CH2M HILL OMI shall be responsible for meeting the effluent quality requirements of the Town's NPDES permit unless one or more of the following occurs; (1) the Project influent does not contain Adequate Nutrients to support operation of Project biological processes and/or contains Biologically Toxic Substances which cannot be removed by the existing process and facilities; (2) discharges into the Town's wastewater collection system violate any or all regulations set forth in Ordinance No. 284 and, (3) the flow, BOD₅, and/or suspended solids exceeds the Wastewater Treatment Plant's design parameters, which are:

Flow: 3.75 million gallons per day (dry weather)

BOD₅: 8913 pounds per day (annual average)

TSS: 9383 pounds per day (annual average)

Daily Peaking Factor of 2.0 times flow

- C.2 In the event any one of the Project influent characteristics, suspended solids, BOD₅, or flow exceeds the design parameters stated above, CH2M HILL OMI shall return the plant effluent to the characteristics required by the AZPDES and APP permit within 30 days.

If the failure to meet effluent quality limitations is caused by the presence of Biologically Toxic Substances or the lack of Adequate Nutrients in the influent, then CH2M HILL OMI will have a 30-day recovery period after the influent is free from said substances or contains Adequate Nutrients. However, such a 30-day recovery period shall only apply to upsets related to the presence of Biologically Toxic Substances or the lack of Adequate Nutrients in the influent, and not to upsets for which CH2M HILL OMI is otherwise responsible.

- C.3 CH2M HILL OMI shall not be responsible for fines, civil penalties, or other legal actions resulting from discharge violations within the period that influent exceeds design parameters, does not contain Adequate Nutrients, or contains Biologically Toxic Substances (including the subsequent recovery period as qualified in Section C.2 herein).

CH2M HILL OMI shall immediately notify the Town whenever there is an event of Project non-compliance with permit requirements.

- C.4 The estimated Costs for the period July 1, 2014 through June 30, 2015 for the wastewater and reclaimed water systems referred to in Section 13.1 are based upon the following Project Wastewater characteristics:

Flow: 2.28 million gallons per day

BOD₅: 7402 pounds per day

TSS: 7319 pounds per day

The above characteristics are estimates, and will be updated for subsequent base fee negotiations. Any change of ten percent (10%) or more in any of these characteristics, based upon a 12-month moving average, will constitute a change in scope.

APPENDIX D - INDUSTRIAL WASTE DISCHARGERS AND MONITORING PROGRAMS

Those industries currently discharging into the wastewater collection system and monitored under Ordinance No. 284 are:

- 1) MI Windows and Doors / MI Metals, Incorporated (formerly Betterbilt Aluminum Products)
- 2) Superior Industries

APPENDIX E - INSURANCE COVERAGE

CH2M HILL OMI shall maintain:

1. Statutory worker's compensation insurance for all Project employees, as required by the State of Arizona.
2. Comprehensive general liability insurance in an amount not less than Two Million Dollars (\$2,000,000.00) combined single limit for bodily injury and/or property damage.
3. Automobile liability insurance concerning CH2M HILL OMI-owned vehicles and any vehicles owned by others (including the Town), that are used by and under the full control of CH2M HILL OMI, in an amount not less than One Million Dollars (\$1,000,000.00) combined single limit for bodily injury, physical damage and/or property damage.

Any notice of cancellation of either of such sureties must be served upon the Town by delivering a written notice of cancellation to the Town's Staff Engineer (with a copy to their respective Clerk and Attorney) 30 days prior to the effective date of said cancellation. This Agreement shall not be terminated because of this provision if within 30 days after service of any notice of cancellation CH2M HILL OMI files with the Town a similar surety (approved by the Town's Attorney), effective for the balance of the applicable term.]

The Town shall maintain:

1. Property damage insurance for all property, excluding vehicles and rolling stock, owned by the Town and operated by CH2M HILL OMI under this Agreement. Any property not properly or fully insured shall be the financial responsibility of the Town.

APPENDIX F - UTILITY BILLING WORK FLOW SPECIFICS

1. **Meter Reading.** CH2M HILL OMI shall complete all meter reading according to the schedule established by Customer Accounts to ensure 28 to 32 day intervals between reads. Changes to the reading schedule must be requested 5 days in advance and will be approved by Customer Accounts staff provided the 28 to 32 day parameter is met. **Request for reading schedule changes outside of the 28 to 32 day parameter will require Manager approval.** Customer Accounts staff will be notified immediately of any unexpected events that delay the reading or disrupt the schedule.
 - a. **Direct Read**
 - i. Handheld devices used for direct reads will be returned to Customer Accounts as soon as reasonably possible, but no later than the next business day, after completing the route.
 - b. **Radio Read**
 - i. Thumb drives or other devices used to collect radio reads will be returned to Customer Accounts as soon as reasonably possible, but no later than the next business day, after completing the route.
 - c. **Tower Read**
 - i. Customer Accounts Staff will obtain reads by accessing web site and uploading / downloading files.
2. **Work Orders.** CH2M HILL OMI shall accept, record, complete, and track all work orders issued by Customer Accounts. CH2M HILL OMI shall create and maintain a process for tracking work orders that are completed and returned and establish strong control processes to follow up on open work orders. From time to time Customer accounts will provide the CH2M HILL OMI an Open Work Order Report to be reviewed and completed by the CH2M HILL OMI in close collaboration with the Customer Account Staff.
 - a. **Billing Work Orders;** CH2M HILL OMI shall prioritize these work orders, complete the task on the requested date, and return work order to Customer Accounts within 24 hours.
 - i. No-read
 - ii. Re-read check for leak high consumption warning
 - iii. Re-read for low or zero consumption
 - iv. Verify meter / end point number for data mismatch
 - v. Turn-on initial read for new account
 - vi. Turn-off final read for old account
 - vii. Read and Leave On both initial and final
 - b. **Collections / follow Up;** CH2M HILL OMI shall complete, as reasonable, the delivery of Door Hangers and complete the DNP work orders on scheduled date indicated on the notices and return to **Customer Accounts the same day.**
 - i. Door Hangers
 - ii. DNP
 - iii. Verify after DNP
 - iv. Turn on after DNP-Based on the volume of DNP's and timing of W/O availability, these may extend into the following work day. CH2M HILL OMI will keep the Billing Department updated on any changes to the required W/O delivery schedule.
 - v. Water test for zero consumptions

3. Miscellaneous Work flow items included in the delivery of day to day Operations.

- a. Customer Requested Courtesy**
 - i. Re-read check for leak (not the 24 hour high cons. warning billing re-read)
 - ii. Water quality air/sediments/pressure
 - iii. Sewer roaches
- b. Adjustment Processing**
 - i. Check for leak to confirm repairs for leak adjustment
 - ii. Get read to identify trend or close leak period
- c. New Service**
 - i. Water line tap
 - ii. Meter set / install for residential, (2) two weeks per town code
 - iii. Meter set / install for Commercial, follows engineering guidelines
 - iv. Hydrant meter set / install, relocation to be completed within 48 hours
- d. Program Related**
 - i. Flex Net Replacements
 - ii. Meter malfunctions
- e. OMI / Utilities Initiated**
 - i. Spray Bees to be returned to Customer Accounts within 48 hours. If re-spray is needed the same deliverable 48 hours will be observed.
 - ii. Generic repair
 - iii. Clean up
 - iv. Check for leak
- f. Notifications**
 - i. Planned repairs / outages
 - ii. Emergency repairs / outages
 - iii. Call outs
 - iv. Delays in completing / returning work orders
- g. Meter Tests**
 - i. Bench Test/responding to customer complaint, invoicing/test results to be returned within 5 business days
 - ii. Hydrant meter test - scheduled immediately following pull/turn-off and invoicing/test results to be returned within 5 business days