AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

AgendaTitle:
Project Contract; Western Water & Land, Inc.; Contract Number 080300-01; Construction Inspection Services for the Gunnison Energy, LLC Spadafora Water Storage Facility; $17,545

Action Requested: County Manager Signature

Parties to the Agreement: Western Water and Land, Inc

Term Begins: 01/01/2015 **Term Ends:** 12/31/2015 **Grant Contract #:** 080300-01

Summary:
Agreement with Western Water & Land to conduct inspections of an oil and gas site, Gunnison Energy, LLC, Spadafora Water Storage Facility

Fiscal Impact: 17545.00

Submitted by: CAO for Neal Starkebaum **Submitter's Email Address:** nstarkebaum@gunnisoncounty.org

Finance Review: (●) Required ( ) Not Required

Comments:

There is $15,000 budgeted in 2015 for this line item. If the full contract price is needed, additional fees may cover the difference.

Reviewed by: GUNCOUNTY1\lNienhueser Discharge Date: 1/7/2015

County Attorney Review: (●) Required ( ) Not Required

Comments:

Reviewed by: GUNCOUNTY1\atrezise Discharge Date: 1/5/2015 Certificate of Insurance Required Yes ( ) No (●)

County Manager Review:

Comments:

Reviewed by: GUNCOUNTY1\mbirnie Discharge Date: 1/7/2015

(●) Consent Agenda ( ) Regular Agenda ( ) Worksession Time Allotted:

Agenda Date: 1/13/2015 Follow Up Agenda Date:

Revised April 2013

Western Water & Land, Inc.

Project Contract

Project Contract Number 080300 - 01

This Project Contract is made on this_____ day of _____, 20 ___, by and between Gunnison County ("Client") and Western Water & Land, Inc. ("WWL"). This Project Contract describes the Scope of Services, estimated schedule, compensation and basis for charging, payment terms, and other requirements defined hereunder.

Scope of Services

WWL agrees to furnish the Services set forth in WWL's proposal dated 12/16/2014 for the Scope of Services described in Exhibit A, attached hereto.

A general description of the Project is as follows:

Construction inspection services for the Gunnison Energy LLC Spadafora Water Storage Facility

Estimated Schedule

The estimated schedule for performance of the Scope of Services is as follows:

Period of Performance: 1/1/2015 thru 12/31/2015

Basis of Compensation

Client shall pay compensation to WWL for the Services performed under this Project Contract on the basis indicated below at the rates specified in the attached Schedule of Charges, Exhibit A – Attachment A, and in accordance with the payment terms set forth herein:

X Time and Materials; Estimated Cost Not-to-Exceed $17,545.00
_____ Lump Sum; Cost: _____
_____ Other: (Specify) _____

Payment Terms

Invoices shall be submitted on a monthly basis and are payable within thirty (30) days of invoice date. Unpaid balances shall be subject to a late payment charge at the maximum permissible rate under state law, starting 30 days from invoice date. In addition, WWL may, after giving seven (7) days notice to Client, suspend Services under this Project Contract without liability until all amounts due for Services and expenses have been paid in full. Failure to make payment within the time limits set forth in this paragraph is a material breach and excuses WWL from any performance under this Project Contract. All time spent and expenses incurred (including reasonable attorney's fees) in connection with collection of any delinquent amount(s) will be reimbursed by Client.

Limitation of Liability

WWL's liability to Client and/or anyone claiming by, through or under Client, shall not exceed $100,000 for claims arising from (i) toxic, pollutant, or hazardous substances or conditions; and (ii) professional acts, errors or omissions. WWL's liability for all other claims for loss or injury shall not exceed $1,000,000. The Client hereby forever releases WWL and its officers, principals, employees and agents from any liability for losses or damage sustained and incurred by the Client in excess of such amount.

As used in this Paragraph, the term liability or liable means liability of any kind, whether in contract (including breach of warranty), in tort (including negligence) in strict liability, for indemnity or otherwise, for any and all injuries, claims, losses, expenses or damages, administrative sanctions, penalties or fines imposed (including reasonable attorney's fees) whatsoever arising out of or in any way related to WWL's Services from any cause or causes whatsoever. The provisions of this Paragraph shall survive the completion of the Project or the expiration, cancellation or termination of this Project Contract.

WWL shall not be liable for any claims of loss of profits or any other indirect, special, incidental or consequential damages of any nature whatsoever.

Extent of Project Contract

This Project Contract, including any exhibits, duly incorporated, constitutes the entire understanding between Client and WWL. Any modifications to this Project Contract shall be in writing and signed by authorized representatives of the Client and WWL.

Client: Gunnison County	**Western Water & Land, Inc.**
By: _____	**By:** _____
Print Name: _____	**Print Name:** _____
Title: _____	**Title:** _____
Date: _____	**Date:** _____

Exhibit A

Western Water & Land, Inc.

December 16, 2014

Mr. Neal Starkebaum
Assistant Director
Gunnison County Community Development Department
221 N. Wisconsin, Suite D
Gunnison, CO 81230

RE: Proposal: Construction Inspection Services for the GELLC Spadafora Water Storage Facility (Amended)

Dear Mr. Starkebaum

Western Water & Land, Inc. (WWL) greatly appreciates Gunnison County's consideration of our firm for construction inspection services of the Gunnison Energy LLC (GELLC) Spadafora Water Storage Facility. WWL is well suited for this project and offers broad experience in conducting construction inspection and environmental monitoring services on numerous energy–related projects in western Colorado.

Background

GELLC intends to construct three surface water storage impoundments, with a storage capacity of 220,000 barrels (9,240,000 gallons) each in northern Gunnison County. The purpose of the project is to provide produced water disposal, storage and reuse from oil and gas (O&G) production wells. The project qualifies as a Centralized Exploration and Production (E&P) under the Colorado Oil and Gas Conservation Commission rules (Rule 908). The facility will be constructed on private land owned by Mr. Randy and Edward Spadafora. The property and proposed construction site is located in northern Gunnison County in the NW ¼ of the NE ¼ of Section 20, Township 11 South, Range 90 West, 6th Principle Meridian.

Scope of Work

Gunnison County provided a general scope of services to WWL for this project. The scope involves construction inspection at the three surface water storage impoundments during progressive phases of construction. As specified in the scope of services provided by Gunnison County, the inspections are to occur as described below. The scope has been amended to include a review of the documented engineering design as shown in the Form 28 as prepared by Weston Solutions, Inc. (Weston). A discussion with Weston revealed that a modest revision to the Form 28 design is expected.

WWL will conduct a technical review of the engineering design of the Spadafora Water Storage Facility as presented in Form 28 and any additional revisions or additions to the design prior to construction. This review will involve an examination of all technical text, specifications, and

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Phone: (970) 242-0170 Fax: (970) 242-0270

engineering drawings prepared by GELLC for the project. WWL will provide technical comments on the design regarding design quality, construction quality control, and constructability of the facility.

WWL will provide an on-site representative to provide construction inspection services during the project in accordance with the following milestones/inspections:

1. Inspection at point of full excavation and soil compaction of each pit. This is before laying of fabric, etc. (For each pit)

2. Inspection during secondary liner's anchor trench after first section is installed and welded but immediately prior to backfill. Inspection would occur on the first day of backfilling operations. (For each pit)

3. Inspection of primary liner installation and general site inspection prior to fresh water hydrostatic testing. (For each pit)

4. Final inspection at point of substantial completion, including drainage basins. General inspection required prior to use of facility. (For overall facility)

Note: Services may include potential inspection of "French drains", if the improvements are determined to be necessary to the project. Inspection would occur on the first day of the installation to witness methods and quality.

WWL will conduct comprehensive inspections for each phase as described above. The WWL representative will conduct multiple traverses of each pit during each inspection phase.

WWL will provide field reports documenting the following information:

1. Date and time of inspection

2. Inspection purpose and construction and site conditions

3. Inspector identification

4. Weather conditions

5. Construction details including measurements where appropriate

6. Quality control concerns, if any

7. Site photographs

8. Field notes

WWL will conduct inspections to assure field conditions meet GELLC's proposed construction specifications. WWL will not conduct inspections to assure compliance with COGCC rules and regulations. It is also understood that WWL will not have the authority to stop work or direct construction of any kind while on site.

WWL will conduct independent soil compaction tests during the initial inspection. On site soil compaction will be conducted at no fewer than 10 locations per pit. Alternatively, if preferred by the County, WWL can examine soil compaction data collected and submitted by GELLC. These data

would be compared to recommendations outlined in the geotechnical report submitted by GELLC in its application to Gunnison County.

During the second inspection, just prior to backfill of the anchor trench for the secondary liner, WWL will inspect for adequate trench depth and liner length within the trench. Liner inspection will include general visible observations of weld quality appearance; any identified anomalous observations or suspect weld conditions will be inspected more closely. The physical integrity of each weld will not be tested by WWL during inspections; weld integrity is expected to be addressed during the hydrostatic testing phase. Any observed or apparently flawed welds will be identified and made known to the liner contractor.

The primary liner will be inspected after it is installed and before hydrostatic testing. The County may want to consider an additional inspection during the hydrostatic testing phase of work. A final pit inspection will be conducted after the completion of pit construction and installation of all stormwater mitigation structures and best management practices (BMPs). Final pit construction inspection will be conducted for each individual pit depending on the finish date. To reduce cost, final pit inspection for more than one pit may be delayed if the finishing dates fall within a few weeks of each other.

Should WWL identify a critical construction quality control issue during an inspection, the County will be notified within 8 to 12 hours. In order to assure exact timing of inspections, WWL will maintain communications with the onsite construction manager. However, WWL cannot be responsible for inadequate, inaccurate, or failed communications by the GELCC construction manager.

WWL will submit all inspection field reports to Gunnison County within 8 days after completion of the field inspection.

Assumptions

The project Application and associated COGCC forms do not describe a construction plan. It is not known if GELLC intends to construct all pits simultaneously, within one construction season, or over a broader period of time. Therefore, it is not possible to accurately identify the number of site visits required to conduct the inspections. In the case that each pit is constructed under a separate schedule, it is anticipated that a maximum number of 12 site visits will be required to conduct all inspections. It is assumed that inspection of any constructed French drains would be included in the 12 site inspection visits.

WWL has assumed that any revisions to the construction design will be relatively minor and will not require more than a few hours of review time than what has been estimated for the design presented in Form 28.

Cost Estimate

WWL has estimated project inspection costs on a time and materials basis. Site inspections are assumed to consist of a 10-hour day. On the basis of assumptions associated with the engineering design review, and a maximum of 12 site inspections, the total estimated not-to-exceed cost to provide the engineering review, on-site inspections, soil compaction measurements, and inspection reports is $17,545. WWL will not exceed this cost without approval from the County.

In some instances, if all work cannot be conducted in one day, overnight lodging may be a cost effective alternative to a return trip to the Grand Junction home office. Any lodging and related travel expenses (per diem) will be billed at cost. It is anticipated that the lodging and per diem charge would

be approximately $150 per day. Hours over 10-hours per day will be billed at the normal hourly labor rate (Attachment A). In addition, all meetings, additional inspections, or additional work services for which the County may require WWL's attendance or expertise will be billed at the normal labor and travel rates.

Project Personnel

WWL will provide two primary staff to manage and conduct the proposed inspection work. Mr. Bruce Smith, Principal, will serve as project manager. Mr. Anthony Farinacci, Senior Hydrogeologist, will conduct on-site inspections for work phases 2 through 4 in the scope of work. Mr. Greg Smith, Senior Engineer, will conduct the review of the engineering design. WWL will subcontract Huddleston-Berry Engineering and Testing LLC (HBET) to conduct the initial inspection and acquire soil compaction data.

Schedule

WWL is prepared to begin work upon commencement of the construction project. WWL requests that Gunnison County provide a two-week notice prior to GELLC beginning construction at the Spadafora site if possible.

WWL greatly appreciates the opportunity to provide this proposal to Gunnison County. If you have any questions or comments concerning this proposal, please contact me.

Sincerely,

Bruce D. Smith
Principal Hydrogeologist
WESTERN WATER & LAND, INC.

ATTACHMENT A

Western Water & Land, Inc.

Schedule of Charges **Gunnison County**

Effective January 1, 2015

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	Overtime hours for non-salaried employees will be billed at the appropriate premium rates.	

Equipment	Company and Personal Vehicles (highway) Company and Personal Vehicles (off-road) Environmental Monitoring Equipment	$ 0.75 per mile $ 1.00 per mile Separate schedule

Outside Services	Subcontract Services and All Other Direct Costs	Cost plus 10%

Travel Expenses	Travel time will be charged at the regular hourly rate for the actual time involved and all travel expenses, including vehicle rental, if necessary, will be charged at cost.

Terms	Billings are payable upon presentation and are past due 30 days from invoice date. A finance charge of 1.5 percent per month, or the maximum amount allowed by law, will be charged on past-due accounts. Western Water & Land makes no warranty, either expressed or implied, as to its findings, recommendations, specifications, or professional advice except that they are prepared and issued in accordance with generally accepted professional practice.
Reimbursable Expenses	Reimbursable expenses will billed at cost (not including Outside Services as described above). Examples of reimbursable expenses include shipping and postage expenses, incidental field supplies (e.g. ice, ice bottles, minor hardware items), and copying and production expenses. Receipts will be provided for reimbursable expenses with the M/A invoice.

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Principal Hydrogeologist
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