

Jade Goroski

From: Jody Hellegaard <jody@ncmrwa.com>
Sent: Wednesday, January 02, 2019 11:09 AM
To: 'Bill Hunt'; Jade Goroski; Gary McDermott; Gary McDermott
Cc: Larry Bonderud
Subject: Shelby Funding Agreement
Attachments: Authority Shelby Funding Agreement Clean Copy 01.02.2019.pdf; DNRC RW-19-058 Shelby Wellfield Improvements.pdf; Authority Shelby Funding Agreement JLH updates 01.02.2019.docx

All – attached is an updated funding agreement between the Authority and the City of Shelby. The agreement was updated to reflect the dates and scope language from the DNRC Grant agreement to the Authority for the wellfield improvements. I attached a copy of the DNRC Grant agreement, a red-line of the funding agreement and a clean copy of the agreement for your reference. Let me know if you have any questions or concerns.

Jody Hellegaard
General Manager
North Central Montana Regional Water Authority
P.O. Box 2456
Havre, MT 59501
Office: (406) 945-4343

Check out our website!
www.rockyboynorthcentral.com

AGREEMENT
Between The
NORTH CENTRAL MONTANA REGIONAL WATER AUTHORITY
And
CITY OF SHELBY
For The
TRANSFER OF FUNDS

RECITALS

Whereas, legislation authorizing the construction of the Rocky Boy's / North Central Montana Regional Water System (*see* Public Law Number 107-331) was signed into law in December 2002.

Whereas, the 65th Montana Legislature pursuant to House Bill 11 approved, appropriated and authorized the Montana Department of Natural Resources and Conservation to award and administer grants such as the those described herein.

Whereas, the State of Montana through its Department of Natural Resources and Conservation (hereinafter "DNRC") has agreed to grant up to One Hundred Fifty Thousand Dollars (\$150,000.00) for the purpose of City of Shelby well field improvements. The grant as administered by DNRC has been awarded to the Authority for purposes of the Authority conveying the grant monies to the City of Shelby.

Now therefore, the Authority and the City of Shelby agree that the Authority will utilize the Funds to reimburse the City for funds expended within the allowable amount for the purpose set forth herein.

1. DEFINITIONS. The following definitions apply to this Agreement:

"Contract" shall mean the Regional Water System Program Contract (Contract No. RW-19-058 entered into between the Authority and DNRC on December 21, 2018, which grants funds to the Authority for the development of the North Central Montana Regional Water System.

"Funds" shall mean the funds available (\$150,000) for engineering services purposes pursuant to the Regional Water System Program Contract (Contract No. RW-19-058).

"Project" shall mean the well field improvements as identified in the scope of work for Contract No. RW-19-058.

2. PURPOSE. The purpose of this Agreement is to establish mutually agreeable terms and conditions, specifications, and requirements to govern the reimbursement of the City for qualified expenditures as provided both herein and in Contract No. RW-19-058, the terms and conditions of which are hereby incorporated into this Agreement.

Submit documented claims for reimbursement Funds to the Authority. Such claims shall consist of receipts, vendor invoices, inspection certificates and other documentation of costs incurred. Funds shall be provided to the City for reimbursement of claims provided Funds have been approved by and made available to the Authority from DNRC. In the

event DNRC does not approve or release Funds, the Authority shall have no liability or obligation for the release of Funds to the City.

Reimbursements will only be made for expenses included in the Budget provided for in Section 5, above, that are clearly and accurately supported by the City's records. The City hereby acknowledges that ten percent (10%) of the Funds may be withheld by DNRC from being released to the Authority until all tasks in Section 4 and Final Report required by Section 8 are completed and approved by DNRC. Accordingly, the City acknowledges that the amount reimbursed by the Authority may be decreased by any amount withheld by DNRC. Total reimbursement for all purposes under this Agreement shall not exceed \$150,000.

8. REPORTS. Quarterly progress reports shall be submitted to the Authority for submittal to DNRC by April 5th, July 5th, October 5th, and January 5th^{1st} during the term of the Contract. Reports will provide status information on all activities of the City during the previous six (6) months. Status information will include, at a minimum, costs incurred, funds remaining and a budget of expenditures for the next three (3) months. Significant problems encountered shall be noted. Upon request of the Authority the City shall submit to the Authority audit reports of financial activities for the requested time frame, to be performed by a certified public accountant.

9. RECORDS AND AUDITS. The City will maintain appropriate and adequate records showing complete entries of all receipts, disbursements, and other transactions relating to its work. The Authority, DNRC, the Legislative Audit Division or the Legislative Fiscal Division may, at any reasonable time, audit all records, reports, and other documents that the City maintains under or in the course of the Contract to ensure compliance with its terms and conditions. Because the funding provided pursuant to the Contract is from public funds, public access to Project records must be available. The City shall accommodate requests for public access to records with due consideration for the convenience of everyone involved.

10. PROJECT MONITORING AND ACCESS FOR INSPECTION AND MONITORING. DNRC or its agents may monitor and inspect all phases and aspects of the Authority's performance to determine compliance with Section 4, Project Scope, and other technical and administrative requirements in the Contract, including the adequacy of records and accounts. DNRC may present specific areas of concern to the Authority, providing the Authority the opportunity to better accomplish the goals and objectives of the grant and conditions of the Contract. Because this grant is from public funds, public access to the project site and project records must be available. The Authority and City shall accommodate requests for public access to the site and records with due consideration for safety, private property rights, and convenience of everyone involved.

11. REIMBURSEMENT. Acceptance of this agreement creates a legal responsibility on the part of the City to use the Funds and property provided in accordance with the terms and conditions of the Contract and this Agreement. If the City has State funds unencumbered or un-obligated at the end of the Agreement, they must be returned to the

Authority for return to DNRC; and if the funds are used improperly, the Authority and DNRC each has the right to try to recover these funds.

Payment will be made by reimbursement as follows:

(1) Reimbursement—Reimbursement shall be the method of payment.

12. COMPLIANCE WITH APPLICABLE LAWS. All work must be in accordance with all federal, state and local laws, statutes, rules and ordinances. It shall be the City's responsibility to obtain all permits, licenses or authorizations that might be required from government authorities for completion of the Project. Procurement of labor, services, supplies, materials and equipment shall be conducted according to applicable federal, state and local statutes.

15. MONTANA LAW AND VENUE. Any action or judicial proceeding for enforcement of the terms of this Agreement shall be instituted only in the courts of the State of Montana and shall be governed by the laws of Montana. Venue shall be in the Twelfth Judicial District, Choteau, Hill, and Liberty Counties, Montana.

Larry Bonderud
North Central Montana Regional Water Authority

Date

Gary McDermott
Mayor, City of Shelby

Date

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION



STEVE BULLOCK, GOVERNOR

1539 ELEVENTH AVENUE

STATE OF MONTANA

DIRECTOR'S OFFICE: (406) 444-2074
FAX: (406) 444-2684

PO BOX 201601
HELENA, MONTANA 59620-1601

Larry Bonderud
North Central Montana RWA
PO Box 2456
Havre, MT 59501

RE: **Agreement No. RW-19-058 - \$150,000**
Shelby Wellfield Project – Preliminary Engineering

Dear Larry:

Enclosed is an executed original of the referenced document for your file.

I have also enclosed a State of Montana Vendor Invoice to be submitted for payment requisition (the '**Vendor**' is the **North Central Montana Regional Water Authority** and the '**Billed To**' is **DNRC**). Additional forms may be found on our website at: www.dnrc.mt.gov/cardd/cardd.html (third choice from the bottom on the menu on the left). When requesting payment, you should list expenses in the categories outlined within the Agreement, sign them in the lower right corner, and attach any supporting invoices from your contractors.

Reporting requirements are specified in the Agreement. The purpose of the required reports is to update me on the project and to request any changes in scope, budget, or terms.

You may call me at 444-1879 with any questions or concerns that you have. I look forward to continuing to work with you.

Respectfully,

A handwritten signature in cursive script, appearing to read "Amy Resonette".

Rick Duncan

Regional Water Coordinator/DNRC-CARDD

Cc: Cid Sivils w/copy
Dena Bennett w/1 original
File w/1 original
encls

DIRECTOR'S
OFFICE
(406) 444-2074

CONSERVATION & RESOURCE
DEVELOPMENT DIVISION
(406) 444-6667

BOARD OF OIL & GAS
CONSERVATION DIVISION
(406) 444-6675

TRUST LAND MANAGEMENT
DIVISION
(406) 444-2074

**Regional Water System Program
Funding Agreement
Conservation and Resource Development Division
Montana Department of Natural Resources and Conservation**

Project Sponsor North Central Montana Regional Water Authority

Project Name: Shelby Wellfield Project -- preliminary engineering

Agreement Number: RW-19-058

Declarations

Section 1. Purpose

Section 2. Term

Section 3. DNRC's Role

Section 4. Project Scope

Section 5. Project Budget

Section 6. Availability of Project Funds

Section 7. Disbursements

Section 8. Reports

Section 9. Records and Audits

Section 10. Project Monitoring and Access for Inspection and Monitoring

Section 11. Employment Status and Workers' Compensation

Section 12. Equal Employment

Section 13. Indemnity and Liability

Section 14. Compliance with Applicable Laws

Section 15. Copyright - Government Right to Use

Section 16. Failure to Comply

Section 17. Assignment and Amendment

Section 18. Montana Law and Venue Section

Attachment #1 – Project Budget

Attachment #2 – Final Report Format Information Requirements and
Suggested Certificates of Final Completion

FOR DNRC USE ONLY

Maximum amount under this agreement: \$150,000

-Source of Funds-

<u>Accounting Entity Name</u>	<u>Fund</u>
Regional Water System Account	02015

<u>Subclass</u>	<u>ORG</u>	<u>Percent</u>
54015	3457	100%

Appropriation Authority 65th Legislature/H.B. 11

Approved

Agreement No. RW-19-058

Amendment No. _____

Division MD AW

CSD B

Legal D

MONTANA REGIONAL WATER AGREEMENT (AGREEMENT)

THIS AGREEMENT, administered by the Montana Department of Natural Resources and Conservation (DNRC) and funded by the Montana Legislature in House Bill 11, is consistent with the policies, procedures and objectives of the Montana Regional Water System Program (MCA Title 90, Chapter 6, Part 715) for the construction of regional drinking water systems. This grant is accepted by **North Central Montana Regional Water Authority**, hereinafter referred to as the Project Sponsor and represented by Larry Bonderud, Chairman, **P.O. Box 2456, Havre, MT 59501; (406)945-4343; mayorlar@gmail.com**, according to the following terms and conditions:

SECTION 1. PURPOSE. The purpose of this Agreement is to establish mutually agreeable terms and conditions, specifications, and requirements to provide funds to the Project Sponsor for engineering work related to the Shelby wellfield improvement project.

SECTION 2. TERM. The Project Sponsor shall have until December 31, 2019 to complete the work described in Section 4, Project Scope. DNRC may grant an extension for completion upon request and showing of good cause by the Project Sponsor. A request for extension must be submitted 45 days prior to the termination date if an extension is to be considered by DNRC. (Effective date of this agreement is the date of last signature.)

SECTION 3. DNRC's ROLE. DNRC is administering funds awarded by the Legislature to ensure that the funds are used according to the intent of the Legislature and the purposes, objectives and procedures of the Regional Water System Program. Upon request from the Project Sponsor or its agent, DNRC will explain or clarify the terms and conditions of this Agreement and may provide limited technical assistance. DNRC will monitor project expenditures to assure payment eligibility. DNRC assumes no responsibility for the Project Sponsor's obligation to faithfully perform the tasks and activities necessary to implement and complete a project. The DNRC liaison for this grant is **Rick Duncan at (406) 444-1879; rduncan@mt.gov**; mailing address **DNRC/CARDD, PO Box 201601, Helena, MT 59620-1601**. All requests for information and assistance, claims for project funds, and reports shall be submitted to DNRC's liaison / designee.

SECTION 4. PROJECT SCOPE. The Project Sponsor shall use funds provided under terms of this Agreement to:

- Perform and complete preliminary engineering-related activities in order to determine which proposed construction improvements to the Shelby municipal wellfield will be required for the City of Shelby to supply drinking water to the North Central Montana Regional Water Authority for its Shelby-North pipeline project.

Plans and specifications for this project shall be prepared by a registered professional engineer licensed to practice in his or her areas of competence in the State of Montana (State). Plans and specifications will be submitted to the Montana Department of Environmental Quality (DEQ) for review and approval prior to construction. Construction shall be in strict accordance with DEQ approved plans and specifications.

Pictures of the project, before construction, during construction, and after construction shall be provided to DNRC for use in publicity.

SECTION 5. PROJECT BUDGET. The Project Sponsor shall allocate project funds in accordance with Attachment #1, in the specified amounts to the following budget categories:

Preliminary Engineering Services	<u>\$150,000</u>
TOTAL	\$150,000

SECTION 6. AVAILABILITY OF PROJECT FUNDS. The Project Sponsor acknowledges and understands that funds become available through the quarterly earnings from the State Coal Severance Tax Trust. Treasure State Endowment Program Regional Water System funds will be released to the extent they are available.

Costs incurred prior to January 1, 2018 are not eligible for reimbursement but may be counted as match funds upon written approval by DNRC.

The Project Sponsor also acknowledges that this Agreement will provide funds in excess of DNRC's standard percentage commitment for project segment funding, and that the Project Sponsor will be required to increase its own percentage commitment in future regional water construction segments in order to compensate for the over-match percentage provided by DNRC.

SECTION 7. DISBURSEMENTS. The Project Sponsor shall submit claims for project funds to the DNRC liaison. Receipts, vendor invoices, inspection certificates and other documentation of costs incurred shall be submitted with the claims. DNRC will verify the claims and check them against the reports required in Section 8 and the budget provided in Section 5. DNRC will disburse funds to the Project Sponsor upon approval. Reimbursement of Project Sponsor expenditures will only be made for expenses included in the Budget provided in Section 5 and that are clearly and accurately supported by the Project Sponsor's records. In addition, DNRC may withhold up to 10 percent of the total authorized amount until all the tasks outlined in Section 4 and the Final Report required by Section 8 are completed and approved by DNRC. Total payment for all purposes under this Agreement shall not exceed **\$150,000**.

SECTION 8. REPORTS. Quarterly progress reports for the periods ending each March, June, September and December shall be submitted to DNRC during the term of the Agreement. Reports will provide status information for each project implementation objective. Status information will include, at a minimum, the percentage complete, costs incurred, funds remaining and projected completion date. The Project Sponsor shall report on total project costs including those funded by the Project Sponsor and other matching funds. Significant problems encountered shall be noted and necessary scope and/or time line modifications requested.

Quarterly reports must be submitted to DNRC within fifteen (15) calendar days following the close of the quarterly period. No claims for disbursements will be honored if the quarterly report has not been approved or if there is a delinquent report. The first reporting period will be the quarter ending March 31, 2019 (report due by April 15, 2019).

A Final Report that details the project status, results, accomplishments and financial status will be submitted to DNRC for approval upon project completion. Final disbursement of grant funds is contingent upon DNRC receipt and approval of the Final Report. A copy of the suggested Final Report format is attached as Attachment #2.

SECTION 9. RECORDS AND AUDITS. The Project Sponsor will maintain appropriate and adequate records showing complete entries of all receipts, disbursements and other transactions relating to the project. DNRC, the Legislative Audit Division or the Legislative Fiscal Division may, at any reasonable time, audit all records, reports and other documents that the Project Sponsor maintains under or in the course of this Agreement to ensure compliance with its terms and conditions.

SECTION 10. PROJECT MONITORING AND ACCESS FOR INSPECTION AND MONITORING. DNRC or its agents may monitor and inspect all phases and aspects of the Project Sponsor's performance to determine compliance with Section 4.0, Project Scope, and other technical and administrative requirements in this Agreement, including the adequacy of records and accounts. DNRC may present specific areas of concern to the Project Sponsor providing the Project Sponsor the opportunity to better accomplish the goals and objectives of the Agreement and conditions of this Agreement.

Because this Agreement is from public funds, public access to the project site and project records must be available. The Project Sponsor shall accommodate requests for public access to the site and records with due consideration for safety, private property rights, and convenience of everyone involved.

SECTION 11 . EMPLOYMENT STATUS AND WORKER'S COMPENSATION. The project is for the benefit of the Project Sponsor. DNRC is not an owner or general contractor for the project and DNRC does not control the work activities or work-site of the Project Sponsor or any contractors that might be engaged for completion of the project. The Project Sponsor is independent from and is not an employee, officer or agent of DNRC. The Project Sponsor, its employees and contractors are not covered by the Workers' Compensation laws applicable to DNRC as an employer. The Project Sponsor is responsible for making sure that its employees are covered by Workers' Compensation Insurance and that its contractors are in compliance with the coverage provisions of the Workers' Compensation Act.

SECTION 12. EQUAL EMPLOYMENT. Any hiring of employees under this Agreement shall be on the basis of merit and qualifications, and there shall be no discrimination on the basis of race, color, religion, creed, sex, national origin, age, disability, marital status, or political belief. "Qualifications" mean qualifications as are generally related to competent performance of the particular occupational task.

SECTION 13. INDEMNITY AND LIABILITY. The Project Sponsor shall defend, indemnify and hold harmless DNRC and the State of Montana and its agents from and against any and all claims, demands, or actions for damages to property or injury to persons or other damages to persons or entities arising out of or resulting from the performance of the work or services funded by this Agreement. This Agreement is not intended to relieve a liable party of financial or legal responsibility.

SECTION 14. COMPLIANCE WITH APPLICABLE LAWS. All work must be in accordance with all federal, state and local law, statutes, rules and ordinances. It shall be the Project Sponsor's responsibility to obtain all permits, licenses or authorizations that might be required from government authorities for completion of the project. Procurement of labor, services, supplies, materials and equipment shall be conducted according to applicable federal, state and local statutes. This Agreement should not be taken to imply that any permits, or authorizations issued by DNRC or other State agency will be approved.

14.1. It shall be the Project Sponsor's responsibility to obtain all permits, licenses or authorizations that may be required from government authorities prior to initiation of the project or required to be obtained by the time of completion of the project to be eligible for reimbursement funds under this Agreement.

14.2. Procurement of labor, services, supplies, materials, and equipment shall be conducted according to applicable federal, state, and local statutes. The award of project funding, or by the Project Sponsor entering into this Agreement, shall not be taken to imply that any required permits or authorizations issued by DNRC or other state, federal or local agency will be approved.

SECTION 15. COPYRIGHT - GOVERNMENT RIGHT TO USE

Any graphic material developed under this Agreement may be copyrighted with the proviso that the State of Montana will have a royalty-free, nonexclusive, and irrevocable right to produce, publish or otherwise use, and authorize others to use the work for state government purposes.

SECTION 16. FAILURE TO COMPLY. If the Project Sponsor fails to comply with the terms and conditions of this Agreement, or reasonable directives or orders from DNRC, DNRC may terminate the Agreement and refuse disbursement of any additional funds under the Agreement. Such termination will become a consideration in any future application for funding from the Montana Regional Water System Program.

SECTION 17. ASSIGNMENT AND AMENDMENT. This Agreement is not assignable. Amendment may be accomplished only by express written agreement of the parties. Amendments will be attached as an integral component of the Agreement.

SECTION 18. MONTANA LAW AND VENUE. Any action or judicial proceeding for enforcement of the terms of this Agreement shall be instituted only in the courts of Montana and shall be governed by the laws of Montana. Venue shall be in the First Judicial District, Lewis and Clark County, Montana.

The Project Sponsor and Grantee hereby accepts this agreement according to the above terms and conditions.

I hereby certify that the information and all statements in the application for funding are true, complete and accurate to the best of my knowledge and that the project or activity complies with all applicable state, local, and federal laws and regulations.

I further certify that this project will comply with applicable statutory and regulatory standards. I further certify that I am authorized to enter into and sign a binding agreement with the Department of Natural Resources and Conservation.

By: Larry J. Bonderud Date 12/18/18
(signature)

Print name and title Larry Bonderud

For: North Central Montana Regional Water Authority

Tax ID Number: 81-0532842

By: [Signature] Date 12/21/18

For: The Montana Department of Natural Resources and Conservation

Attachment #1

PROJECT BUDGET

Attachment #1
RW-19-058

4. PROJECT BUDGET FORM
Project Budget Form

Completed By: City of Shelby	For: North Central - City of Shelby Well Field Improvements			Date: 11/05/2018	
	Source: SRF Loan	Source: TSEP	Source: TSEP-RWS	Source: BOR B18AC00026	Total
Administrative/Finance Costs					
Legal Costs	\$ -	\$ -	\$ -	\$ -	\$ -
Advertise Legal Notices	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ADMIN COSTS:	\$ -	\$ -	\$ -	\$ -	\$ -
ACTIVITY COSTS:					
Well Field Pump Houses and Collection System	\$ -	\$ 391,760	\$ -	\$ -	\$ 391,760
Booster Station Scada	\$ -	\$ 27,250	\$ -	\$ -	\$ 27,250
Water Treatment Plant Improvements	\$ -	\$ -	\$ 293,897	\$ -	\$ 293,897
Well Improvements (Wells #1, 2, 4 & 6)	\$ -	\$ 22,551	\$ 303,949	\$ -	\$ 326,500
Design Engineering	\$ -	\$ 15,778	\$ 152,154	\$ -	\$ 167,932
Construction Engineering	\$ -	\$ 167,932	\$ -	\$ -	\$ 167,932
Permitting/Applications	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000
Contingency	\$ -	\$ 94,729	\$ -	\$ -	\$ 94,729
TOTAL ACTIVITY COSTS	\$ -	\$ 750,000	\$ 750,000	\$ -	\$ 1,500,000
TOTAL COSTS	\$ -	\$ 750,000	\$ 750,000	\$ -	\$ 1,500,000

Will substitute
new final budget
sheet when it
becomes available.

- R.D.

Attachment #2

Final Report Information Requirements

1. Title Page:

- A. Project Sponsor's name, address and telephone numbers.
- B. DNRC contract number
- C. Name, address, and telephone numbers of others who may be contacted concerning the project if the primary contacts are not available.
- D. Funding: total project cost and amount of contract.

2. Introduction:

Describe the project history, project location and the purpose of the project. Provide a map showing project location.

3. Discussion and Results:

- A. Document that the project goals and/or objectives and tasks identified in the contract agreement were completed:

- Describe how each task listed in the contracted scope of work was accomplished. Provide details (for example, if trees were planted as an erosion control measure, state how many, the tree species, the age or size of trees, and location of the plantings).
- List the goals and/or objectives of the project as stated in the scope of work and briefly describe how they were met by the activities described in the tasks above.
- Provide an explanation for contracted tasks that were not completed.
- Describe any out of scope work.

The Final Report should adequately demonstrate that the contracted scope of work has been completed. The Report must identify approved scope changes and include an explanation for project tasks that were not completed.

- B. Summarize any problems encountered and solutions adopted. What would you do differently?

4. Public Benefits:

List the anticipated overall public benefits of the project as stated in the grant application. Were these benefits realized? If not, explain why.

5. Administration & Project Costs

- A. Budget: Include a summary of how the monies were spent by budget category and source of funding. Attach supporting information that shows hourly rates and number of hours expended per task for all labor by the Project Sponsor and all non-fixed-price contracted labor. Explain any cost overruns or savings. Discuss any unbudgeted expenses that arose over the course of the project.

- B. Identify the matching funds that were to be spent according to the funding Agreement. Document that these funds were spent. If not all matching funds were spent, explain why.

6. Project Completion and Certification (provide only the applicable information below for your project)

- A. Project Sponsor's Certificate of Compliance
- B. Record (as-built) Drawings if requested by the Department
- C. Engineer's Statement of Final Completion (if applicable)

FINAL REPORT
STATEMENT OF COMPLETION

Project Sponsor: North Central Montana Regional Water Authority

Name of Project: Shelby Wellfield Project – Preliminary Engineering

I, _____, (enter name of Project Engineer) a Registered Professional Engineer in the State of Montana, license number _____, do hereby state that the above-named project was completed according to the approved plans and specifications. I further state that the record ("as-built") drawings for this project are a true and accurate representation of the completed construction.

(Name)

P.E. Number

(Signature)

Date

(Name of firm)

(Address of firm)

FINAL REPORT
CERTIFICATE OF COMPLIANCE

Project Sponsor: North Central Montana Regional Water Authority

Name of Project: Shelby Wellfield Project – Preliminary Engineering

I, the undersigned, being duly qualified, respectfully, of the North Central Montana Regional Water Authority, in the County of Hill, State of Montana, do hereby certify that the above-named project is in full compliance with all of the covenants and conditions set forth in Agreement Number RW-19-058 between the North Central Montana Regional Water Authority and the State of Montana, Department of Natural Resources and Conservation.

Authorized Signature

Date

AGREEMENT
Between The
NORTH CENTRAL MONTANA REGIONAL WATER AUTHORITY
And
CITY OF SHELBY
For The
TRANSFER OF FUNDS

RECITALS

Whereas, legislation authorizing the construction of the Rocky Boy's / North Central Montana Regional Water System (*see* Public Law Number 107-331) was signed into law in December 2002.

Whereas, the 65th Montana Legislature pursuant to House Bill 11 approved, appropriated and authorized the Montana Department of Natural Resources and Conservation to award and administer grants such as the those described herein.

Whereas, the State of Montana through its Department of Natural Resources and Conservation (hereinafter "DNRC") has agreed to grant up to One Hundred Fifty Thousand Dollars (\$150,000.00) for the purpose of City of Shelby well field improvements. The grant as administered by DNRC has been awarded to the Authority for purposes of the Authority conveying the grant monies to the City of Shelby.

Now therefore, the Authority and the City of Shelby agree that the Authority will utilize the Funds to reimburse the City for funds expended within the allowable amount for the purpose set forth herein.

1. DEFINITIONS. The following definitions apply to this Agreement:

"Contract" shall mean the Regional Water System Program Contract (Contract No. RW-19-058 entered into between the Authority and DNRC on December 21, 2018, which grants funds to the Authority for the development of the North Central Montana Regional Water System.

"Funds" shall mean the funds available (\$150,000) for engineering services purposes pursuant to the Regional Water System Program Contract (Contract No. RW-19-058).

"Project" shall mean the well field improvements as identified in the scope of work for Contract No. RW-19-058.

2. PURPOSE. The purpose of this Agreement is to establish mutually agreeable terms and conditions, specifications, and requirements to govern the reimbursement of the City for qualified expenditures as provided both herein and in Contract No. RW-19-058, the terms and conditions of which are hereby incorporated into this Agreement.

3. TERM. The Authority and City shall have until ~~June 30, 2020~~December 31, 2019, to complete the project described in Section 4, Project Scope. The Authority may grant an extension for completion upon request and showing of good cause by the City. Any extension is contingent on the Authority receiving a corresponding extension from DNRC pursuant to Contract No. RW-19-058. The Authority is obligated to request extensions forty-five (45) days prior to the termination date if an extension is to be considered by DNRC, accordingly the City must request an extension in writing from the Authority seventy five (75) days prior to the termination of this Agreement.

Commented [JH1]: This may change to be consistent with the grant agreement

4. PROJECT SCOPE. The project scope is the preliminary engineering for the following well field improvements:

- Perform and complete preliminary engineering-related activities in order to determine which proposed construction improvements to the Shelby municipal wellfield will be required for the City of Shelby to supply drinking water to the North Central Montana Regional Water Authority for its Shelby-North pipeline project.

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- ~~Water Treatment Improvements consisting of replacing an aging UV-reactor, installing a new UVT analyzer and updating the chlorination system.~~
- ~~Well Rehabilitation/Replacement consisting of replacing existing nonproducing Wells #2 and #6 with new wells and Wells #1 and #4 will be evaluated for repair or replacement.~~
- ~~Wellfield Pump Houses and Collection System improvements consisting of providing a foundation, piping, meters, and electrical requirements for installation of pre-built pump houses for wells 9-12. This scope also includes new piping that will serve as a collection system to connect wells 4 and 9-12 to the wellfield transmission main. Wells 9-12 will also receive upsized internal piping to reduce the head on the pumps and they will be evaluated for larger pumps.~~
- ~~Shelby Heights Booster Station SCADA improvements consisting of replacing the existing SCADA system with MicroCOMM to make the controls compatible with the rest of the wellfield.~~

The City shall use the Funds exclusively for this scope.

Plans and specifications for this project shall be prepared by a registered professional engineer licensed to practice in his or her areas of competence in the State of Montana. Plans and specifications shall be submitted to the State of Montana Department of Environmental Quality (hereinafter "DEQ") for review and approval prior to construction.

5. PROJECT BUDGET. Funds are allocated as follows:

Preliminary Engineering Services up to \$150,000

Total: _____ up to **\$150,000**

The Funds may only be used for Engineering Services and may not be used for other financial or administrative purposes.

6. AVAILABILITY OF FUNDS. The City acknowledges that the Funds become available to the Authority from DNRC through the quarterly earnings from the State Coal Severance Tax Trust. Treasure State Endowment Program Regional Water System Program funds will be released by the Authority to the extent they are available as provided for herein. Costs incurred prior to January 1, 2018 ~~may are~~ not be eligible for reimbursement.

7. DISBURSEMENTS. Prior to receiving any reimbursement, the City shall:

Submit documented claims for reimbursement Funds to the Authority. Such claims shall consist of receipts, vendor invoices, inspection certificates and other documentation of costs incurred. Funds shall be provided to the City for reimbursement of claims provided Funds have been approved by and made available to the Authority from DNRC. In the event DNRC does not approve or release Funds, the Authority shall have no liability or obligation for the release of Funds to the City.

Reimbursements will only be made for expenses included in the Budget provided for in Section 5, above, that are clearly and accurately supported by the City's records. The City hereby acknowledges that ten percent (10%) of the Funds may be withheld by DNRC from being released to the Authority until all tasks in Section 4 and Final Report required by Section 8 are completed and approved by DNRC. Accordingly, the City acknowledges that the amount reimbursed by the Authority may be decreased by any amount withheld by DNRC. Total reimbursement for all purposes under this Agreement shall not exceed \$150,000.

8. REPORTS. Quarterly progress reports shall be submitted to the Authority for submittal to DNRC by April ~~5th~~^{1st}, July ~~5th~~^{1st}, October ~~5th~~^{1st}, and ~~January 5th~~^{1st} ~~December 15th~~ during the term of the Contract. Reports will provide status information on all activities of the City during the previous six (6) months. Status information will include, at a minimum, costs incurred, funds remaining and a budget of expenditures for the next three (3) months. Significant problems encountered shall be noted. Upon request of the Authority the City shall submit to the Authority audit reports of financial activities for the requested time frame, to be performed by a certified public accountant.

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9. RECORDS AND AUDITS. The City will maintain appropriate and adequate records showing complete entries of all receipts, disbursements, and other transactions relating to its work. The Authority, DNRC, the Legislative Audit Division or the Legislative Fiscal Division may, at any reasonable time, audit all records, reports, and other documents that the City maintains under or in the course of the Contract to ensure compliance with its

terms and conditions. Because the funding provided pursuant to the Contract is from public funds, public access to Project records must be available. The City shall accommodate requests for public access to records with due consideration for the convenience of everyone involved.

10. PROJECT MONITORING AND ACCESS FOR INSPECTION AND MONITORING. DNRC or its agents may monitor and inspect all phases and aspects of the Authority's performance to determine compliance with Section 4, Project Scope, and other technical and administrative requirements in the Contract, including the adequacy of records and accounts. DNRC may present specific areas of concern to the Authority, providing the Authority the opportunity to better accomplish the goals and objectives of the grant and conditions of the Contract. Because this grant is from public funds, public access to the project site and project records must be available. The Authority and City shall accommodate requests for public access to the site and records with due consideration for safety, private property rights, and convenience of everyone involved.

11. REIMBURSEMENT. Acceptance of this agreement creates a legal responsibility on the part of the City to use the Funds and property provided in accordance with the terms and conditions of the Contract and this Agreement. If the City has State funds unencumbered or un-obligated at the end of the Agreement, they must be returned to the Authority for return to DNRC; and if the funds are used improperly, the Authority and DNRC each has the right to try to recover these funds.

Payment will be made by reimbursement as follows:

(1) Reimbursement—Reimbursement shall be the method of payment.

12. COMPLIANCE WITH APPLICABLE LAWS. All work must be in accordance with all federal, state and local laws, statutes, rules and ordinances. It shall be the City's responsibility to obtain all permits, licenses or authorizations that might be required from government authorities for completion of the Project. Procurement of labor, services, supplies, materials and equipment shall be conducted according to applicable federal, state and local statutes.

15. MONTANA LAW AND VENUE. Any action or judicial proceeding for enforcement of the terms of this Agreement shall be instituted only in the courts of the State of Montana and shall be governed by the laws of Montana. Venue shall be in the Twelfth Judicial District, Choteau, Hill, and Liberty Counties, Montana.

Larry Bonderud
North Central Montana Regional Water Authority

Date

Gary McDermott
Mayor, City of Shelby

Date