

Control Number: 48299



Item Number: 11

Addendum StartPage: 0

PUC DOCKET NO. 48299

RECEIVED

APPLICATION OF LEVI
WATER SUPPLY CORPORATION TO
AMEND A WATER CERTIFICATE OF
CONVENIENCE AND NECESSITY IN
MCLENNAN AND FALLS COUNTIES

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PUBLIC UTILITY COMMISSION 20

OF PUBLIC UTILITY COMMISSION
FILING CLERK

TEXAS

**LEVI WATER SUPPLY CORPORATION'S RESPONSE TO
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

COMES NOW Levi Water Supply Corporation (Levi) and files this Response to the Second Request for Information of Public Utility Commission Staff (Staff), which was filed with the Public Utility Commission (PUC or Commission) on June 20, 2018 and served on Levi on June 25, 2018. This response is timely filed. Levi agrees and stipulates that all parties may treat these responses as if the answers were filed under oath.

Dated: July 11, 2018

Respectfully submitted,



Mary Margaret Croft

State Bar No. 24082875

MaryMargaret@carpenterandcroft.com

CARPENTER & CROFT, PLLC

7901 Fish Pond Rd., Ste. 210

Waco, Texas 76710

T: (254) 300-7909

**ATTORNEY FOR LEVI WATER SUPPLY
CORPORATION**

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 11th day of July, 2018 in accordance with 16 TAC § 22.74.



Mary Margaret Croft

11

PUC DOCKET NO. 48299

APPLICATION OF LEVI	§	PUBLIC UTILITY COMMISSION
WATER SUPPLY CORPORATION TO	§	
AMEND A WATER CERTIFICATE OF	§	OF
CONVENIENCE AND NECESSITY IN	§	
MCLENNAN AND FALLS COUNTIES	§	TEXAS
	§	

**LEVI WATER SUPPLY CORPORATION'S RESPONSE TO
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

QUESTION NOS. STAFF 2-1 THROUGH STAFF 2-7

STAFF 2-1: Please provide Levi WSC's board of directors approved budget for 2018.

RESPONSE 2-1: See Exhibit "A" attached hereto and made a part hereof for all purposes.

STAFF 2-2: Reference the document dated January 24, 2017, pages 240 and 241 with the application. Please provide the Executive Summary or other summary document from the rate study showing the results of the rate study.

RESPONSE 2-2: See Exhibit "B" attached hereto and made a part hereof for all purposes.

STAFF 2-3: Reference the document dated January 24, 2017, pages 240 and 241 with the application. Please provide a copy of the Capital Improvement Plan.

RESPONSE 2-3: See Exhibit "C" attached hereto and made a part hereof for all purposes. These are the only improvements that have been approved by the Levi WSC Board.

STAFF 2-4: If serving the proposed 37 connections is not addressed in the Capital Improvement Plan, please explain how Levi WSC will serve the proposed connections and provide engineering estimates for any associated improvements.

RESPONSE 2-4: The Capital Improvement Plan includes the proposed 37 connections.

STAFF 2-5: Reference the Balance Sheet as of December 31, 2017 provided with the application. Please provide the following with regard to the Temporarily restricted net assets balance of \$1,011,120.78:

- (a) The plan for use of the funds represented by the item labeled Temporarily restricted net assets balance of \$1,011,120.78;
- (b) A narrative description of the nature of the restrictions; and
- (c) A narrative description of the future use of the funds, and any plans associated with the use of the funds.

RESPONSE 2-5(a): The funds labeled temporarily restricted net assets will be used for emergencies or capital improvements.

RESPONSE 2-5(b) and (c): From the inception Levi Water Supply Corporation in 1964, the Farmers Home Administration provided the funding of the water supply corporation. FHA had a requirement that a water supply corporation that had received funds from FHA (now the Department of Agriculture) set aside \$423.00 per month in an emergency fund for emergencies until the fund had a balance of \$50,000.00. Levi Water Supply has now paid in full all loans received from FHA; however, the Board of Directors elected to set aside funds each month for emergencies or unforeseen events that may not have been included in the budget process. Levi is required by its bylaws (Article IX) to maintain a reserve fund. Withdrawals from the fund are to be used "only for emergency repairs, obsolescence of equipment, improvements to facility and for making up any deficiencies in revenue for loan payments." If withdrawals reduce the reserve, deposits are to be reserved until the fund is reestablished. The reserve fund is in the form of a separate checking account and is shown as a temporarily restricted asset on the statement of financial position. Levi currently deposits \$1,000.00 per month into the emergency fund. The use of the funds is restricted to emergency situations or a much needed capital improvement that needs to be done to maintain a continuous flow of quality drinking water.

An example: in 2017, Levi had to replace a well pump and motor, electrical cable, pipe that held the pump and motor in the well, and upgrade the controls for the new pump and motor. At the same time, the decision was made to inspect the well casing. In the inspection process, it was determined that some of the perforations in the well casing were clogged and the decision was made to clear the perforations and remove any sediment from the well casing. The final cost for this repair was around \$90,000. Also in 2017, the board made the decision to replace a water line that began having an excessive amount of leaks and disruptions of service. The cost to replace the water line was \$40,000.00.

The funds of \$1,011,120.78 include the loan proceeds from CoBank in the amount of \$950,000 for proposed improvements that will begin on July 2,

2018. The remaining balance of the "restricted account" will continue to be used for emergency repairs or maintenance items that would be considered necessary to maintain a continuous flow of quality water. The decision to transfer funds from the restricted account will be made by the Board of Directors only when there is a quorum.

The restricted use fund is now labeled emergency/capital improvements fund with the hope that there will be an accumulation of funds in the account to provide for future capital improvements without having to borrow funds. There could also be requirements from regulatory agencies that will require an expenditure not included in the budget process.

STAFF 2-6: Reference the Balance Sheet as of December 31, 2017 provided with the application. Please provide the following with regard to the Temporarily restricted net assets balance of \$134,373.67:

- (a) The plan for use of the funds represented by the item labeled Temporarily restricted net assets balance of \$134,373.67;
- (b) A narrative description of the nature of the restrictions; and
- (c) A narrative description of the future use of the funds, and any plans associated with the use of the funds.

RESPONSE 2-6(a): The funds will be used for emergencies or capital improvements. See also, Response 2-5(a).

RESPONSE 2-6(b): This number represents the income attributable to the temporarily restricted assets (in this case cash) that has accumulated over the years. Each year an amount is allocated out of total net income. The amount of \$134,373.67 does not have the 2017 allocation but it is reflected beginning in January 2018. It is a required method of proper financial reporting dictated by the Accounting Standards Board.

RESPONSE 2-6(c): The funds will be used for emergencies or capital improvements. See also, Response 2-5(a).

STAFF 2-7: Reference Exhibit 6.C titled "Funds Required to Accumulate and Restrict." Please provide Levi WSC's annual debt service for the next 5 years beginning with 2018.

RESPONSE 2-7: See Exhibit "D" attached hereto and made a part hereof for all purposes.

Prepared/sponsored by: Jim Sheffield, Levi Water Supply Corporation
Title: General Manager

Exhibit "A"
Docket 48299

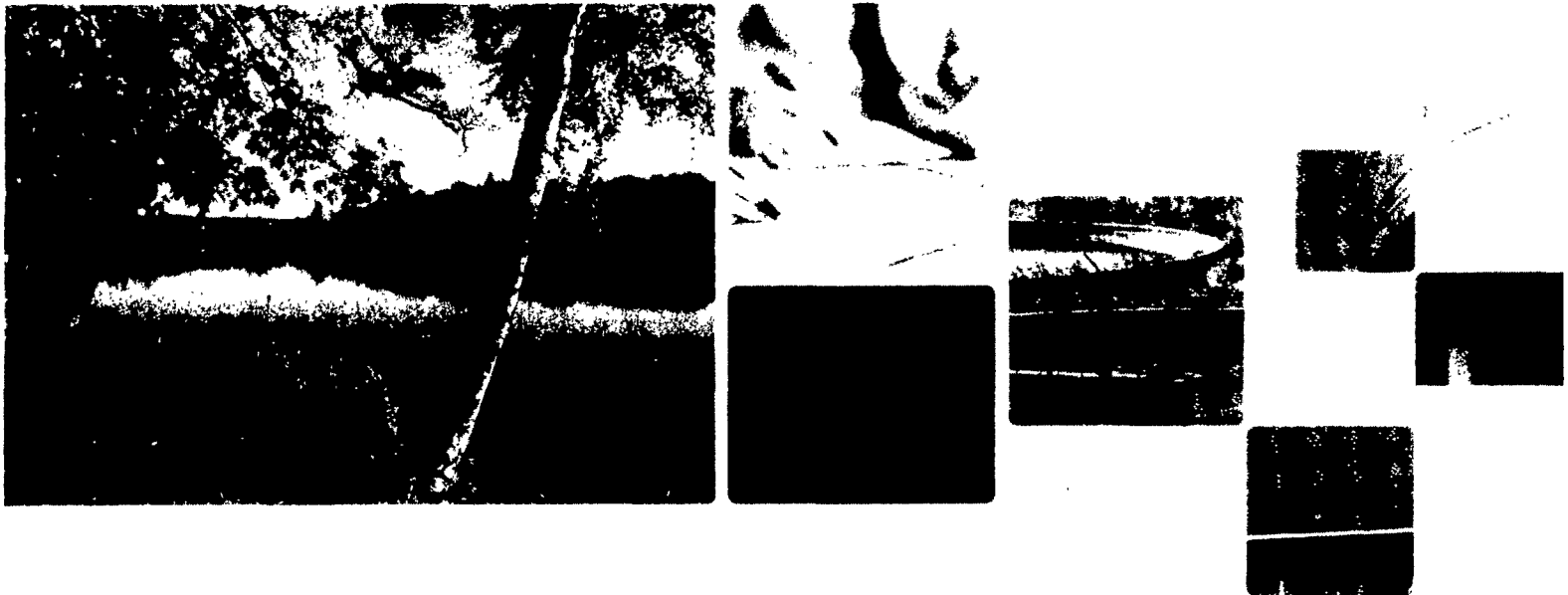
Budget Overview - Levi Water Supply Corp.

	2015 Budget	2015 Actual	2016 Budget	2016 Actual	2017 Budget	thru 12/17	Proposed 2018
Income	561,602.00	602,106.02	600,000.00	604,473.81	600,000.00	687,659.14	650,000.00
Expense							
Advertising	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Alarm	500.00	324.12	500.00	337.73	1,000.00	1,054.48	1,500.00
Automobile expense	7,000.00	4,683.19	6,000.00	8,224.00	6,000.00	6,092.09	6,000.00
Bank & Credit Card Fees	2,000.00	2,466.14	2,500.00	2,842.36	2,750.00	3,462.68	3,500.00
Contract labor	6,000.00	1,831.25	5,000.00	4,662.23	6,000.00	10,770.78	10,000.00
Contract management	58,000.00	57,276.25	58,000.00	58,431.25	60,000.00	60,415.00	60,000.00
Depreciation expense	102,000.00	103,600.00	102,780.00	103,165.00	103,200.00	111,517.24	112,000.00
Dues and subscriptions	700.00	1,289.00	750.00	2,338.13	1,000.00	1,670.65	1,200.00
Fees & assessments	6,000.00	6,578.36	6,000.00	7,132.05	7,000.00	8,426.08	8,500.00
Fuel		569.94	500.00	279.23	500.00	303.53	300.00
Insurance	15,000.00	11,649.00	15,000.00	15,740.00	16,000.00	12,898.18	13,000.00
Interest expense	74,050.00	72,834.07	71,702.00	97,479.87	110,715.60	110,715.60	110,000.00
Janitorial	750.00	560.79	750.00	685.41			
Internet	800.00	607.35	800.00	0.00	750.00	768.71	750.00
Lab expense	2,000.00	3,306.02	4,000.00	1,525.22	5,000.00	1,791.92	2,000.00
Miscellaneous		474.28		583.43	600.00	382.56	400.00
Office expense	6,750.00	4,951.67	6,500.00	4,483.77	6,500.00	6,791.96	6,500.00
Parts		9,049.18	5,000.00	855.20	5,000.00	0.00	
Payroll expenses	112,000.00	82,877.55	100,000.00	84,456.49	100,000.00	78,096.06	80,000.00
Pipeline repairs	55,000.00	56,796.62	65,000.00	87,076.88	65,000.00	100,316.33	95,000.00
Postage and delivery	4,000.00	4,100.05	4,500.00	4,300.70	5,000.00	4,348.15	4,500.00
Professional fees	13,700.00	16,420.50	17,500.00	36,912.93	40,000.00	51,919.07	30,000.00
Repairs and maintenance	53,500.00	828.54	50,000.00	4,051.56	0.00	14,065.77	7,500.00
Supplies	4,500.00	6,836.68	7,500.00	5,410.59	8,000.00	5,917.15	6,000.00
Telephone	4,300.00	4,433.85	4,500.00	5,202.82	4,500.00	5,755.77	5,000.00
Tools	1,500.00	866.51	1,500.00	757.48	1,000.00	1,281.26	1,000.00
Training and education	5,000.00	4,265.59	5,000.00	4,385.93	5,000.00	5,270.11	5,000.00
Utilities	50,000.00	68,819.15	60,000.00	51,644.24	60,000.00	54,294.61	55,000.00
Water plant repairs	15,000.00	44,422.63	20,000.00	61,767.21	15,000.00	27,650.76	25,000.00
Website	750.00	567.51	750.00	703.66	750.00	357.50	400.00
Total Expense	601,800.00	574,285.79	623,032.00	656,435.37	637,265.60	687,334.00	651,050.00
Cash Increase / Decrease		41,871.40		36,328.15		(119,424.86)	

FINAL REPORT | April 2017

WATER COST OF SERVICE AND RATE DESIGN STUDY

Levi Water Supply Corporation



PREPARED BY:





3420 Executive Center Drive
Suite 165
Austin, Texas 78731
Phone: (512) 479-7900

April 26, 2017

Mr. Jim Sheffield
Levi Water Supply Corporation
2757 Rosenthal Pkwy
Lorena, TX 76655

Re: Water Cost of Service and Rate Design Study

Dear Mr. Sheffield:

NewGen Strategies & Solutions, LLC is pleased to provide Levi Water Supply Corporation with the enclosed report summarizing our findings and recommendations from the conduct of a water cost of service and rate design study.

We appreciate the opportunity to assist you in this engagement. Please contact us if you have any questions concerning this report.

Sincerely,

NewGen Strategies and Solutions, LLC

A handwritten signature in black ink, reading "Grant Rabon". The signature is written in a cursive, flowing style.

Grant Rabon
Executive Consultant

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Schedule 2	Capital Improvement Plan
Schedule 3	Existing Debt Service
Schedule 4	Proposed Debt Service
Schedule 5	Reserve Fund Balances
Schedule 6	Water Revenue Requirement Forecast
Schedule 7	Current Water Rates Over/(Under)
Schedule 8	Proposed Water Rates Over/(Under)

Section 1

INTRODUCTION

Levi Water Supply Corporation (Levi WSC) retained NewGen Strategies & Solutions, LLC (NewGen) to perform an independent cost of service and rate design study (Study). As part of the Study, NewGen's Project Team (Project Team) was requested to forecast revenue requirements and rates from Fiscal Year (FY) 2017 through FY 2021. This report describes the analysis performed for Levi WSC and makes recommendations with respect to rates to be charged to Levi WSC's water customers.

Regular reviews of the performance of a utility's water rates are an integral part of the management of any water utility, and failure to monitor the rates can result in the need for significant rate actions. Our Project Team recommends that, going forward, Levi WSC regularly monitor and review the performance of its adopted rates and perform rate adjustments in a timely manner so as to preserve the financial integrity of the utility.

The analysis performed by NewGen is designed to take into account the foreseeable changes from FY 2017 through FY 2021. The goal is to construct a planning tool with which Levi WSC can gain an understanding of the issues that need to be addressed during the Study's planning horizon. As with any forecast, assumptions must be made and Levi WSC should be aware that the actual rates required may be different from the projected rates outlined in this report due to unforeseen changes in key assumptions, such as system growth, inflation, etc.

Background

Levi WSC was originally formed January 28, 1964 (Date of the Articles of Incorporation). Levi WSC currently has three wells and three water plants. Plant 1 is located on Water Well Road. Plant 2 is located near Bullhide Creek on Rosenthal Pkwy. Well 3 is located at Levi WSC's office at 2757 Rosenthal Pkwy. Levi WSC currently has 628 active connections.



Section 2

REVENUE REQUIREMENT

Test Year Revenue Requirement

NewGen reviewed historical financial results from prior years and developed a “Test Year” for the Study based on the FY 2016 adopted budget. A Test Year is a common term in rate studies that refers to an adjusted budget that is used as a basis for setting rates. The Test Year should be representative of “typical” conditions, with adjustments for any unusual or one-time expenses. Furthermore, any projected non-recurring expenses or revenues are identified and removed from the financial forecast.

The Test Year was used to develop a five-year revenue requirement forecast for FY 2017 through FY 2021. The revenue requirement identifies the amount that should be recovered from rates in order to fully recover the cost of providing service. The development of the Test Year is shown in Schedule 1, located in the Appendix. In addition to the Test Year, the revenue requirement forecast relies on a capital improvement plan (as shown in Schedule 2), existing and future debt service (as shown in Schedules 3 and 4, respectively), and reserves (as shown in Schedule 5). The following sections summarize the notable factors affecting the projected revenue requirement.

Capital Improvement Plan

The revenue requirement incorporates a capital improvement plan (CIP) provided by Levi WSC for the five-year forecast period. In FY 2017, capital improvement projects have been budgeted at \$965,000. The CIP will fund projects to ensure compliance with the Texas Commission on Environmental Quality (TCEQ) regulations, address specific areas of concern for pressure, volume, line size, meter count, and to replace water lines that have high maintenance expense. NewGen, per conversations with Levi WSC staff, also forecasted annual capital spending on renewals and replacements to the water system to keep it in proper working condition. Details regarding the CIP can be found in Schedule 2, located in the Appendix.

Debt Service

The projected principal and interest payments associated with the new debt were calculated by the Project Team for use in the Study. Table 2-1 below illustrates the projected debt service schedule for the new issuances through FY 2021, in addition to the existing debt issuances. Schedules 3 and 4, located in the Appendix, provide the details for existing debt and proposed debt, respectively.

Table 2-1
Debt Service Payments

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Existing Debt	\$ 122,703	\$ 122,709	\$ 122,715	\$ 122,719	\$ 122,729
Projected Debt	69,456	69,456	69,456	69,456	69,456
Total	\$ 192,159	\$ 192,165	\$ 192,171	\$ 192,175	\$ 192,185

Reserve Accounts

Establishing and maintaining adequately financial reserves is essential to ensure the financial integrity of the water utility. These reserves protect Levi WSC and can be drawn upon to cover unexpected costs that may arise throughout the year. Schedule 5 provides additional detail regarding Levi WSC's reserves.

Revenue Offsets

In order to calculate the revenues that are required from rates to recover expenses associated with providing retail service, it is necessary to isolate the cost of service by subtracting utility-related non-rate revenues from the cost of service. The revenue offsets used by the Project Team correlate with the amounts for miscellaneous fees in the FY 2016 budget. Therefore, the revenue offsets total \$45,660 per year, as detailed in Table 2-2.

**Table 2-2
Revenue Offsets**

	FY 2016	Adjustments	Test Year
Late fees	\$ 14,835	\$ -	\$ 14,835
Transfer fee	525	-	525
Adjustment fee	29,671	-	29,671
Non-sufficient funds fee	129	-	129
Reconnection fee	500	-	500
Total Revenue Offsets	\$ 45,660	\$ -	\$ 45,660

Forecasted Revenue Requirement

The Test Year revenue requirement was used as the basis for the five-year financial forecast. Certain expenses were projected based on fixed costs, such as debt service payments. However, the majority of expenses were Operations and Maintenance (O&M) related costs, which were inflated based on historical averages or industry standards as follows:

- General Salary inflation at 5.00% per year.
- General inflation at 2.30% per year.
- Water Growth at 2.50% per year.

The Project Team reviewed and compared the inflation factors used in NewGen's forecast with industry standards. This comparison showed that Levi WSC's inflation assumptions were reasonable.

REVENUE REQUIREMENT

The projected revenue requirement is shown in Table 2-3 for the five-year forecast. A detailed water revenue requirement forecast is provided in Schedule 6.

Table 2-3
Revenue Requirement Forecast

	Test Year	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenue Requirement	\$ 513,693	\$ 595,303	\$ 637,878	\$ 675,884	\$ 714,335	\$ 753,258
Year-Over-Year Change		15.9%	7.2%	6.0%	5.7%	5.4%

Section 3

RATES

Normalized Precipitation

In evaluating the performance of existing water rates and to project future water rate revenues, some estimation of billed water consumption is required. In making this estimation, it is necessary to consider a period of normal precipitation. If data involving abnormal weather patterns is utilized (i.e., unusually low or excessive precipitation), then the resulting revenue estimates could be too high or too low. For purposes of the Study, the Project Team reviewed rainfall data from 2013 through 2016 and determined the 12 month period of February 2015 through January 2016 to be the closest to normal based on the precipitation data published by the National Climactic Data Center.

Water Rates

Levi WSC's current rate structure recovers approximately 60% of its revenue requirement from a fixed monthly charge. Providing water service is a highly fixed cost intensive operation, and the fixed costs must be considered and appropriately aligned with the rate structure. If too much of the utility's costs are recovered through a volumetric rate, the utility is at a greater risk of under-recovering its costs if water usage declines. Conversely, if too little of the utility's costs are recovered through a volumetric rate, the utility may not be able to send proper pricing signals to its customers to conserve water. NewGen has designed the water rates to continue to recover an average of 61% of the water utility's annual revenue requirement from fixed monthly rates over the forecast period. This is consistent with industry best practice for a water utility with Levi WSC's cost structure.

Water Rate Structure

The water rate structure currently consists of a two-part rate design composed of: 1) a minimum monthly charge for all customers; and 2) a volumetric charge for consumption.

The current water rates, are shown in Table 3-1 and Table 3-2.

Table 3-1
Current Monthly Minimum Charge

Monthly Minimum Bill	
All Customers	\$47.50

Section 3

Levi WSC has an inclining block rate structure for the volumetric charges, which aligns with industry best management practices for conservation. Many utilities have transitioned to an inclining block rate structure in an effort to encourage customers to conserve water. Table 3-2 lists the current volumetric rates.

Table 3-2
Current Volumetric Water Rates

Tiers (gallons)	Volumetric Rate
1 – 2,000	\$ -
2,001 – 10,000	4.00
10,001 – 50,000	4.50
> 50,000	6.00

Table 3-3 presents the anticipated performance of Levi WSC's current water rates for the forecast period. Schedule 7 details the revenue performance of the water utility under current rates.

Table 3-3
Projected Water Revenue Performance under Current Rates

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Projected Revenue Under Current Rates	\$ 537,361	\$ 549,434	\$ 561,506	\$ 574,334	\$ 587,161
Retail Revenue Requirement	595,303	637,878	675,884	714,335	753,258
Annual Over/(Under) Recovery	\$ (57,942)	\$ (88,444)	\$ (114,377)	\$ (140,001)	\$ (166,097)
Cumulative Over/(Under) Recovery	\$ (57,942)	\$ (146,385)	\$ (260,763)	\$ (400,764)	\$ (566,861)

As displayed in Table 3-3, the current water rates are not anticipated to generate sufficient revenue to recover the costs of providing water service if the revenue requirement is accurate (i.e., unless Levi WSC realizes additional revenues or identifies cost savings). Changes to the rate design structure are recommended to improve the equity of overall charges to customers and to encourage conservation. The Project Team recommends changes to the existing rate structure based on the standards promulgated by the American Water Works Association (AWWA) as well as the Texas Water Conservation Implementation Task Force's Best Management Practices guide.

Proposed Rates

Currently, Levi WSC does not charge a volumetric rate for the first 2,000 gallons of water consumed per month. In accordance with water conservation best management practices, it is recommended that Levi WSC not include this minimum monthly water allotment.¹ The inclusion of "free" water in the base charge is widely considered to work counter to conservation goals and treats unfairly customers who use less than the minimum monthly allotment. AWWA research indicates approximately six percent of homes have a per capita use of less than 1,000 gallons per month.² Consequently, many communities with minimum monthly allotments of water are revising their policies to remove this provision. NewGen

¹ Texas Water Development Board Report 362, Water Conservation Implementation Task Force, Water Conservation Best Management Practices Guide, November 2004, page 19.

² Residential End Uses of Water, AWWA Research Foundation, 1999

recommends that Levi WSC phase in rates that assess a charge for all consumption, as reflected in the proposed rates.

Table 3-4 illustrates the proposed water rates for the next five years.

**Table 3-4
Proposed Water Rates**

	Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Minimum Charge						
All Customers	\$ 47.50	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00
Volumetric Rate (per 1,000 gallons)						
0,001-2,000	\$ -	\$ -	\$ 1.00	\$ 1.50	\$ 2.00	\$ 2.25
2,001-10,000	4.00	4.25	4.50	4.75	5.00	5.50
10,001-30,000	4.50	4.75	5.25	5.75	6.25	6.50
30,001-50,000	4.50	6.50	7.00	7.50	8.25	9.00
50,001-100,000	6.00	8.50	9.50	10.50	11.50	12.00
> 100,000 ⁽¹⁾	6.00	9.50	10.50	11.50	12.50	13.50

1. There is currently no different rate for consumption greater than 100,000 gallons per month and the forecast of revenue assumes no consumption in this block.

The proposed rates reflect significant increases for some levels of water consumption. It is important for Levi WSC to monitor its consumption and revenues going forward to ensure the proposed rates are performing as expected as customers adjust to the new rates (and potentially change consumption behaviors).

Table 3-5 illustrates the expected revenue under the proposed rates as compared to the projected revenue requirement. Additional detail regarding proposed rates can be found in Schedule 8, located in the Appendix.

**Table 3-5
Projected Water Revenue Performance under Proposed Rates**

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Projected Revenue Under Proposed Rates	\$ 595,431	\$ 638,116	\$ 675,306	\$ 714,899	\$ 753,721
Retail Revenue Requirement	595,303	637,878	675,884	714,335	753,258
Annual Over/(Under) Recovery	\$ 129	\$ 239	\$ (577)	\$ 564	\$ 463
Cumulative Over/(Under) Recovery	\$ 129	\$ 367	\$ (210)	\$ 354	\$ 817

Section 3

Water Bill Comparisons

Using the proposed rates, Table 3-6 presents the projected bill impacts for customers assuming monthly consumption of 2,000, 5,000, 10,000, 25,000, 50,000 and 100,000 gallons.

Table 3-6
Water Bill Comparisons

	Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
2,000 Gallons	\$ 47.50	\$ 52.00	\$ 54.00	\$ 55.00	\$ 56.00	\$ 56.50
Year-Over-Year Change (\$)	-	4.50	2.00	1.00	1.00	0.50
Year-Over-Year-Change (%)	-	9.5%	3.8%	1.9%	1.8%	0.9%
5,000 Gallons	\$ 59.50	\$ 64.75	\$ 67.50	\$ 69.25	\$ 71.00	\$ 73.00
Year-Over-Year Change (\$)	-	5.25	2.75	1.75	1.75	2.00
Year-Over-Year-Change (%)	-	8.8%	4.2%	2.6%	2.5%	2.8%
10,000 Gallons	\$ 79.50	\$ 86.00	\$ 90.00	\$ 93.00	\$ 96.00	\$ 100.50
Year-Over-Year Change (\$)	-	6.50	4.00	3.00	3.00	4.50
Year-Over-Year-Change (%)	-	8.2%	4.7%	3.3%	3.2%	4.7%
25,000 Gallons	\$ 147.00	\$ 157.25	\$ 168.75	\$ 179.25	\$ 189.75	\$ 198.00
Year-Over-Year Change (\$)	-	10.25	11.50	10.50	10.50	8.25
Year-Over-Year-Change (%)	-	7.0%	7.3%	6.2%	5.9%	4.3%
50,000 Gallons	\$ 259.51	\$ 311.01	\$ 335.01	\$ 358.01	\$ 386.01	\$ 410.51
Year-Over-Year Change (\$)	-	51.50	24.00	23.00	28.00	24.50
Year-Over-Year-Change (%)	-	19.8%	7.7%	6.9%	7.8%	6.3%
100,000 Gallons	\$ 559.51	\$ 736.01	\$ 810.01	\$ 883.01	\$ 961.01	\$ 1,010.51
Year-Over-Year Change (\$)	-	176.50	74.00	73.00	78.00	49.50
Year-Over-Year-Change (%)	-	31.5%	10.1%	9.0%	8.8%	5.2%

Appendix A

List of Schedules

List of Schedules

Schedule 1	Test Year Development
Schedule 2	Capital Improvement Plan
Schedule 3	Existing Debt Service
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Schedule 6	Water Revenue Requirement Forecast
Schedule 7	Current Water Rates Over/(Under)
Schedule 8	Proposed Water Rates Over/(Under)

Levi Water Supply Corporation
Water Cost of Service and Rate Design Study
Test Year Development

Line No.	Description	FY 2014 Actual	FY 2015 Actual	FY 2016 Approved	Adjustments	Test Year	Comment
1	EXPENSES						
2	Operating Expenses						
3	Accounting	\$ 9,315	\$ -	\$ -	\$ -	\$ -	
4	Advertising	-	1,000	1,000	-	1,000	
5	Alarm	324	324	500	-	500	
6	Attorney	1,491	-	-	-	-	
7	Automobile expense	6,363	4,683	6,000	-	6,000	
8	Bank & credit card fees	2,690	2,466	2,500	-	2,500	
9	Chemicals	4,656	-	-	-	-	
10	Contingency	30,925	-	-	-	-	
11	Contract labor	5,213	1,831	5,000	-	5,000	
12	Contract management	40,023	57,276	58,000	-	58,000	
13	Depreciation expense	-	103,600	102,780	(102,780)	-	A
14	Dues and subscriptions	-	1,289	750	-	750	
15	Engineering	425	-	-	-	-	
16	Equipment	3,423	-	-	-	-	
17	Fees & assessments	5,857	6,578	6,000	-	6,000	
18	Fuel	-	570	500	-	500	
19	Insurance	14,154	11,649	15,000	-	15,000	
20	Interest expense	-	72,834	71,702	(71,702)	-	B
21	Internet	748	561	750	-	750	
22	Janitorial services	-	607	800	-	800	
23	Lab expense	1,326	3,306	4,000	-	4,000	
24	Mileage reimbursement	2,208	-	-	-	-	
25	Miscellaneous	-	474	-	-	-	
26	Office expense	8,818	4,952	6,500	-	6,500	
27	Note & loan payments	118,244	-	-	-	-	
28	Parts	-	9,049	5,000	-	5,000	
29	Payroll expenses	97,672	82,878	100,000	-	100,000	
30	Pipeline repairs	64,143	56,797	65,000	-	65,000	
31	Postage and delivery	3,687	4,100	4,500	-	4,500	
32	Professional fees	-	16,421	17,500	12,500	30,000	C
33	Repairs and maintenance	-	829	50,000	(50,000)	-	D
34	Scholarship	1,000	-	-	-	-	
35	Subscription Dues	998	-	-	-	-	
36	Supplies	-	6,837	7,500	-	7,500	
37	TCEQ	2,935	-	-	-	-	
38	Telephone	4,267	4,434	4,500	-	4,500	
39	Tools	1,067	867	1,500	-	1,500	
40	Training and education	5,377	4,266	5,000	-	5,000	
41	Utilities	47,389	68,819	60,000	-	60,000	
42	Water plant repairs	9,265	44,423	20,000	-	20,000	
43	Website	-	568	750	-	750	
44	Other O&M	-	-	-	25,600	25,600	E
45	Total Operating Expenses	\$ 494,002	\$ 574,286	\$ 623,032	\$ (186,382)	\$ 436,650	
46							
47	Non-Operating Expenses						
48	Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
49							
50	Debt Service						
51	Existing Debt	\$ -	\$ -	\$ -	122,703	122,703	F
52	Proposed Debt	-	-	-	-	-	
53	Total Debt Service	\$ -	\$ -	\$ -	122,703	122,703	
54							
55	Reserve Accounts						
56	Operating Reserve	\$ -	\$ -	\$ -	-	-	
57	Water Capital Reserve	-	-	-	-	-	
58	Total Reserve Accounts	\$ -	\$ -	\$ -	-	-	
59							
60	TOTAL REVENUE REQUIREMENT	\$ 494,002	\$ 574,286	\$ 623,032	\$ (63,679)	\$ 559,353	
61							

Levi Water Supply Corporation
Water Cost of Service and Rate Design Study
Test Year Development

Line No	Description	FY 2014 Actual	FY 2015 Actual	FY 2016 Approved	Adjustments	Test Year	Comment
62	REVENUE OFFSETS						
63	Operating Revenue						
64	Water Sales	\$ 555,242	\$ 602,106	\$ 600,000	\$ (600,000)	\$ -	G
65	New Service	26,595	-	-	-	-	
66	Total Operating Revenue	\$ 581,837	\$ 602,106	\$ 600,000	\$ (600,000)	\$ -	
67							
68	Other - Non Operating Revenue						
69	Interest income	\$ -	\$ 466	\$ 470	\$ (470)	\$ -	H
70	Refunds	-	231	-	-	-	
71	Sale of scrap metal	-	4,014	-	-	-	
72	Miscellaneous income	-	666	-	-	-	
73	Late fees	-	-	-	14,835	14,835	I
74	Transfer fee	-	-	-	525	525	I
75	Adjustment fee	-	-	-	29,671	29,671	I
76	Non-sufficient funds fee	-	-	-	129	129	I
77	Reconnection fee	-	-	-	500	500	I
78	Total Other - Non Operating Revenue	\$ -	\$ 5,376	\$ 470	\$ 45,190	\$ 45,660	
79							
80	NET REVENUE REQUIREMENT	\$ (87,836)	\$ (33,196)	\$ 22,562	\$ 491,131	\$ 513,693	

Notes

- A Depreciation is a non-cash expense and the revenue requirement is developed on a cash basis
- B Interest expense is moved to the debt service line item in the test year
- C Professional fees increased in the test year based on staff input
- D Repairs and maintenance is accounted for on the CIP worksheet
- E Operating expense adjustment recommended by Levi WSC in developing the Test Year
- F Based on FY 2017 debt service for existing debt
- G The required revenue from water sales is what is being identified in the analysis, so it is removed from the test year
- H Interest earned is assumed to accrue in reserve funds (rather than offset rate revenue needs)
- I Based on revenue offsets in 2015

Lew Water Supply Corporation
Water Cost of Service and Rate Design Study
Capital Improvement Plan

Line No.	Description	Year 1 FY 2017	Year 2 FY 2018	Year 3 FY 2019	Year 4 FY 2020	Year 5 FY 2021
1	Sources of Funds					
2	Capital Reserve Fund	\$ -	\$ 30,000	\$ 55,000	\$ 80,000	\$ 105,000
3	Equity Buy-in Fund	15,000	45,000	45,000	45,000	45,000
4	Proposed Debt	950,000	-	-	-	-
5	Other (e.g., grants)	-	-	-	-	-
6	Total Water Capital Project Funding	\$ 965,000	\$ 75,000	\$ 100,000	\$ 125,000	\$ 150,000
7						
8	Use of Funds					
9	CIP	\$ 915,000	\$ -	\$ -	\$ -	\$ -
10	Renewals and Replacements	50,000	75,000	100,000	125,000	150,000
11		\$ 965,000	\$ 75,000	\$ 100,000	\$ 125,000	\$ 150,000
12						
13	CIP Projects are to ensure compliance with the Texas Commission on Environmental Quality (TCEQ) regulations, address specific areas of concern for pressure, volume, line size, meter count, and to replace water lines that have high maintenance expense					
14						

Levi Water Supply Corporation
Water Cost of Service and Rate Design Study
Existing Debt Service

Line No.	Description	Year 1 FY 2017	Year 2 FY 2018	Year 3 FY 2019	Year 4 FY 2020	Year 5 FY 2021
1	Existing Debt					
2	Principal	\$ 54,011	\$ 56,442	\$ 58,982	\$ 61,462	\$ 64,403
3	Interest	68,692	66,267	63,733	61,257	58,326
4	Existing Debt Total	\$ 122,703	\$ 122,709	\$ 122,715	\$ 122,719	\$ 122,729

Levi Water Supply Corporation
Water Cost of Service and Rate Design Study
Proposed Debt Service

Line No.		Year 1 FY 2017	Year 2 FY 2018	Year 3 FY 2019	Year 4 FY 2020	Year 5 FY 2021
1	Water					
2	Principal Issuance	\$ 950,000	\$ -	\$ -	\$ -	\$ -
3	Issuance Fees	-	-	-	-	-
4	Total Issuance	\$ 950,000	\$ -	\$ -	\$ -	\$ -
5						
6	Year 1 Issue					
7	Beginning Principal Balance	\$ 950,000	\$ 918,230	\$ 885,176	\$ 850,786	\$ 815,007
8	Principal	31,770	33,054	34,389	35,779	37,224
9	Interest	37,685	36,402	35,067	33,677	32,232
10	Ending Principal Balance	918,230	885,176	850,786	815,007	777,783
11						
12	Year 2 Issue					
13	Beginning Principal Balance		\$ -	\$ -	\$ -	\$ -
14	Principal		-	-	-	-
15	Interest		-	-	-	-
16	Ending Principal Balance		-	-	-	-
17						
18	Year 3 Issue					
19	Beginning Principal Balance			\$ -	\$ -	\$ -
20	Principal			-	-	-
21	Interest			-	-	-
22	Ending Principal Balance			-	-	-
23						
24	Year 4 Issue					
25	Beginning Principal Balance				\$ -	\$ -
26	Principal				-	-
27	Interest				-	-
28	Ending Principal Balance				-	-
29						
30	Year 5 Issue					
31	Beginning Principal Balance					\$ -
32	Principal					-
33	Interest					-
34	Ending Principal Balance					-
35						
36	Total Debt Service					
37	Principal	\$ 31,770	\$ 33,054	\$ 34,389	\$ 35,779	\$ 37,224
38	Interest	\$ 37,685	\$ 36,402	\$ 35,067	\$ 33,677	\$ 32,232
39		\$ 69,456	\$ 69,456	\$ 69,456	\$ 69,456	\$ 69,456

Levi Water Supply Corporation
Water Cost of Service and Rate Design Study
Reserve Fund Balances

Line No.		Year 1 FY 2017	Year 2 FY 2018	Year 3 FY 2019	Year 4 FY 2020	Year 5 FY 2021
1	Operating Reserve ⁽¹⁾					
2	Beginning Balance	\$ 401,386	\$ 401,876	\$ 402,476	\$ 402,261	\$ 403,188
3	Withdrawals					
4	Proposed Water Rate Under-Recovery	-	-	(577)	-	-
5	Contributions					
6	Interest Earned	361	362	362	362	363
7	Proposed Water Rate Over-Recovery	129	239	-	564	463
8	Operating Contribution - Water	-	-	-	-	-
9	Ending Balance	\$ 401,876	\$ 402,476	\$ 402,261	\$ 403,188	\$ 404,013
10						
11	Total Operations and Maintenance Expenses	\$ 448,804	\$ 461,373	\$ 474,372	\$ 487,820	\$ 501,733
12						
13	Days of Operating Reserve	327	318	310	302	294
14						
15	Water Capital Reserve					
16	Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -
17	Withdrawals					
18	Capital Project Spending	-	(30,000)	(55,000)	(80,000)	(105,000)
19	Contributions					
20	Interest Earned	-	-	-	-	-
21	Operating Contribution	-	30,000	55,000	80,000	105,000
22	Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -
23						
24	Equity Buy-in Reserve					
25	Beginning Balance	\$ 131,564	\$ 116,682	\$ 122,812	\$ 130,224	\$ 138,949
26	Withdrawals					
27	Capital Project Spending	(15,000)	(45,000)	(45,000)	(45,000)	(45,000)
28	Contributions					
29	Interest Earned	118	105	111	117	125
30	Equity Buy-in Forecast	-	51,025	52,301	53,608	54,948
31	Ending Balance	\$ 116,682	\$ 122,812	\$ 130,224	\$ 138,949	\$ 149,022
32						
33						
34	Capital Reserves Total Ending Balance	\$ 116,682	\$ 122,812	\$ 130,224	\$ 138,949	\$ 149,022

Notes:

(1) Includes the required debt reserve amounts (i.e., \$73,000 for T01 and \$121,000 for T02)

Levi Water Supply Corporation
Water Cost of Service and Rate Design Study
Water Revenue Requirement Forecast

Line No	Description	Test Year	Year 1 2017	Year 2 2018	Year 3 2019	Year 4 2020	Year 5 2021	Inflation Factor or Source
1	EXPENSES							
2	Operating Expenses							
3	Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	General
4	Advertising	1,000	1,023	1,047	1,071	1,095	1,120	General
5	Alarm	500	512	523	535	548	560	General
6	Attorney	-	-	-	-	-	-	None
7	Automobile expense	6,000	6,138	6,279	6,424	6,571	6,722	General
8	Bank & credit card fees	2,500	2,558	2,616	2,676	2,738	2,801	General
9	Chemicals	-	-	-	-	-	-	None
10	Contingency	-	-	-	-	-	-	None
11	Contract labor	5,000	5,115	5,233	5,353	5,476	5,602	General
12	Contract management	58,000	59,334	60,699	62,095	63,523	64,984	General
13	Depreciation expense	-	-	-	-	-	-	General
14	Dues and subscriptions	750	767	785	803	821	840	General
15	Engineering	-	-	-	-	-	-	None
16	Equipment	-	-	-	-	-	-	None
17	Fees & assessments	6,000	6,138	6,279	6,424	6,571	6,722	General
18	Fuel	500	512	523	535	548	560	General
19	Insurance	15,000	15,345	15,698	16,059	16,428	16,806	General
20	Interest expense	-	-	-	-	-	-	None
21	Internet	750	767	785	803	821	840	General
22	Janitorial services	800	818	837	856	876	896	General
23	Lab expense	4,000	4,092	4,186	4,282	4,381	4,482	General
24	Mileage reimbursement	-	-	-	-	-	-	None
25	Miscellaneous	-	-	-	-	-	-	None
26	Office expense	6,500	6,650	6,802	6,959	7,119	7,283	General
27	Note & loan payments	-	-	-	-	-	-	None
28	Parts	5,000	5,115	5,233	5,353	5,476	5,602	General
29	Payroll expenses	100,000	105,000	110,250	115,763	121,551	127,628	General Salary
30	Pipeline repairs	65,000	66,495	68,024	69,589	71,189	72,827	General
31	Postage and delivery	4,500	4,604	4,709	4,818	4,929	5,042	General
32	Professional fees	30,000	30,690	31,396	32,118	32,857	33,612	General
33	Repairs and maintenance	-	-	-	-	-	-	General
34	Scholarship	-	-	-	-	-	-	None
35	Subscription Dues	-	-	-	-	-	-	None
36	Supplies	7,500	7,673	7,849	8,029	8,214	8,403	General
37	TCEQ	-	-	-	-	-	-	None
38	Telephone	4,500	4,604	4,709	4,818	4,929	5,042	General
39	Tools	1,500	1,535	1,570	1,606	1,643	1,681	General
40	Training and education	5,000	5,115	5,233	5,353	5,476	5,602	General
41	Utilities	60,000	61,380	62,792	64,236	65,713	67,225	General
42	Water plant repairs	20,000	20,460	20,931	21,412	21,904	22,408	General
43	Website	750	767	785	803	821	840	General
44	Other O&M	25,600	25,600	25,600	25,600	25,600	25,600	None
45	Total Operating Expenses	\$ 436,650	\$ 448,804	\$ 461,373	\$ 474,372	\$ 487,820	\$ 501,733	
46								
47	Non-Operating Expenses							
48	Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
49								
50	Debt Service							
51	Existing Debt	\$ 122,703	\$ 122,703	\$ 122,709	\$ 122,715	\$ 122,719	\$ 122,729	
52	Proposed Debt	-	69,456	69,456	69,456	69,456	69,456	
53	Total Debt Service	\$ 122,703	\$ 192,159	\$ 192,165	\$ 192,171	\$ 192,175	\$ 192,185	
54								
55	Reserve Accounts							
56	Operating Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
57	Water Capital Reserve	-	-	30,000	55,000	80,000	105,000	
58	Total Reserve Accounts	\$ -	\$ -	\$ 30,000	\$ 55,000	\$ 80,000	\$ 105,000	
59								
60	TOTAL REVENUE REQUIREMENT	\$ 559,353	\$ 640,963	\$ 683,538	\$ 721,544	\$ 759,995	\$ 798,918	
61								

Lee Water Supply Corporation
Water Cost of Service and Rate Design Study
Water Revenue Requirement Forecast

Line No.	Description	Test Year	Year 1 2017	Year 2 2018	Year 3 2019	Year 4 2020	Year 5 2021	Inflation Factor or Source
62	REVENUE OFFSETS							
63	Operating Revenue							
64	Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	None
65	New Service	-	-	-	-	-	-	None
66	Total Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
67								
68	Other - Non Operating Revenue							
69	Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	None
70	Refunds	-	-	-	-	-	-	None
71	Sale of scrap metal	-	-	-	-	-	-	None
72	Miscellaneous income	-	-	-	-	-	-	None
73	Late fees	14,835	14,835	14,835	14,835	14,835	14,835	None
74	Transfer fee	525	525	525	525	525	525	None
75	Adjustment fee	29,671	29,671	29,671	29,671	29,671	29,671	None
76	Non-sufficient funds fee	129	129	129	129	129	129	None
77	Reconnection fee	500	500	500	500	500	500	None
78	Total Other - Non Operating Revenue	\$ 45,660	\$ 45,660	\$ 45,660	\$ 45,660	\$ 45,660	\$ 45,660	
79								
80	NET REVENUE REQUIREMENT	\$ 513,693	\$ 595,303	\$ 637,878	\$ 675,884	\$ 714,335	\$ 753,258	

Levi Water Supply Corporation
Water Cost of Service and Rate Design Study
Current Water Rates Over/(Under)

	Current Rates	Year 1 FY 2017	Year 2 FY 2018	Year 3 FY 2019	Year 4 FY 2020	Year 5 FY 2021
Net Revenue Requirement		\$ 595,303	\$ 637,878	\$ 675,884	\$ 714,335	\$ 753,258
Monthly Minimum Bill	\$ 47.50	\$ 47.50	\$ 47.50	\$ 47.50	\$ 47.50	\$ 47.50
Billing Determinants						
Total Monthly Meters		628	644	660	677	694
Minimum Bill Annual Revenue		\$ 357,960	\$ 367,080	\$ 376,200	\$ 385,890	\$ 395,580
Total Minimum Bill Revenue		\$ 357,960	\$ 367,080	\$ 376,200	\$ 385,890	\$ 395,580
Percent Recovered from Minimum Bill		60.13%	57.55%	55.66%	54.02%	52.52%
Percent Needed to be Recovered from Volumetric Rates		39.87%	42.45%	44.34%	45.98%	47.48%
Amount Needed to be Recovered from Volumetric Rates		\$ 237,343	\$ 270,798	\$ 299,684	\$ 328,445	\$ 357,678

Volumetric Rates

Rates per 1,000 gallons

0,001-1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,001-2,000	-	-	-	-	-	-
2,001-5,000	4.00	4.00	4.00	4.00	4.00	4.00
5,001-10,000	4.00	4.00	4.00	4.00	4.00	4.00
10,001-15,000	4.50	4.50	4.50	4.50	4.50	4.50
15,001-20,000	4.50	4.50	4.50	4.50	4.50	4.50
20,001-25,000	4.50	4.50	4.50	4.50	4.50	4.50
25,001-30,000	4.50	4.50	4.50	4.50	4.50	4.50
30,001-35,000	4.50	4.50	4.50	4.50	4.50	4.50
35,001-40,000	4.50	4.50	4.50	4.50	4.50	4.50
40,001-45,000	4.50	4.50	4.50	4.50	4.50	4.50
45,001-50,000	4.50	4.50	4.50	4.50	4.50	4.50
> 50,000	6.00	6.00	6.00	6.00	6.00	6.00

Billing Determinants

(1)

Yearly Total in 1,000 Gallons

0,001-1,000		6,469	6,634	6,799	6,974	7,149
1,001-2,000		5,998	6,151	6,304	6,466	6,628
2,001-5,000		13,408	13,749	14,091	14,454	14,817
5,001-10,000		10,345	10,609	10,872	11,152	11,432
10,001-15,000		4,640	4,759	4,876.81	5,002	5,128
15,001-20,000	(2)	2,846	2,846	2,846	2,846	2,846
20,001-25,000	(2)	1,865	1,865	1,865	1,865	1,865
25,001-30,000	(2)	1,309	1,309	1,309	1,309	1,309
30,001-35,000	(2)	994	994	994	994	994
35,001-40,000	(2)	820	820	820	820	820
40,001-45,000	(2)	665	665	665	665	665
45,001-50,000	(2)	581	581	581	581	581
> 50,000	(2)	3,773	3,773	3,773	3,773	3,773

Total Volumetric Billing Units

53,715 54,756 55,797 56,904 58,010

Volumetric Revenue

0,001-1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,001-2,000	-	-	-	-	-	-
2,001-5,000	53,631	54,997	56,364	57,816	59,267	
5,001-10,000	41,380	42,435	43,489	44,609	45,729	
10,001-15,000	20,882	21,414	21,946	22,511	23,076	
15,001-20,000	12,809	12,809	12,809	12,809	12,809	
20,001-25,000	8,394	8,394	8,394	8,394	8,394	
25,001-30,000	5,893	5,893	5,893	5,893	5,893	
30,001-35,000	4,475	4,475	4,475	4,475	4,475	
35,001-40,000	3,691	3,691	3,691	3,691	3,691	
40,001-45,000	2,994	2,994	2,994	2,994	2,994	
45,001-50,000	2,615	2,615	2,615	2,615	2,615	

Levi Water Supply Corporation
Water Cost of Service and Rate Design Study
Current Water Rates Over/(Under)

	Current Rates	Year 1 FY 2017	Year 2 FY 2018	Year 3 FY 2019	Year 4 FY 2020	Year 5 FY 2021
> 50,000		22,639	22,639	22,639	22,639	22,639
Total Volumetric Revenue	\$	179,401	\$ 182,354	\$ 185,306	\$ 188,444	\$ 191,581
Projected percent RR recovered from Volumetric Rates		30.14%	28.59%	27.42%	26.38%	25.43%
Total Revenue from Rates	\$	537,361	\$ 549,434	\$ 561,506	\$ 574,334	\$ 587,161
Total Revenue Requirement		595,303	637,878	675,884	714,335	753,258
Over / (Under) Recovery	\$	(57,942)	\$ (88,444)	\$ (114,377)	\$ (140,001)	\$ (166,097)
Cumulative Over / (Under) Recovery	\$	(57,942)	\$ (146,385)	\$ (260,763)	\$ (400,764)	\$ (566,861)

⁽¹⁾ Assumes water consumption is perfectly inelastic (i.e., does not decrease with increasing rates)

⁽²⁾ Assumes consumption greater than 15,000 gallons per month does not increase with customer growth

Levi Water Supply Corporation
Water Cost of Service and Rate Design Study
Proposed Water Rates Over/(Under)

	Current Rates	Year 1 FY 2017	Year 2 FY 2018	Year 3 FY 2019	Year 4 FY 2020	Year 5 FY 2021
Net Revenue Requirement		\$ 595,303	\$ 637,878	\$ 675,884	\$ 714,335	\$ 753,258
Monthly Minimum Bill	\$ 47.50	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00	\$ 52.00
Billing Determinants						
Total Monthly Meters		628	644	660	677	694
Minimum Bill Annual Revenue		\$ 391,872	\$ 401,856	\$ 411,840	\$ 422,448	\$ 433,056
Total Minimum Bill Revenue		\$ 391,872	\$ 401,856	\$ 411,840	\$ 422,448	\$ 433,056
Percent Recovered from Minimum Bill		65.83%	63.00%	60.93%	59.14%	57.49%
Percent Needed to be Recovered from Volumetric Rates		34.17%	37.00%	39.07%	40.86%	42.51%
Amount Needed to be Recovered from Volumetric Rates		\$ 203,431	\$ 236,022	\$ 264,044	\$ 291,887	\$ 320,202
Volumetric Rates						
<i>Rates per 1,000 gallons</i>						
0,001-1,000	\$ -	\$ -	\$ 1.00	\$ 1.50	\$ 2.00	\$ 2.25
1,001-2,000	-	-	1.00	1.50	2.00	2.25
2,001-5,000	4.00	4.25	4.50	4.75	5.00	5.50
5,001-10,000	4.00	4.25	4.50	4.75	5.00	5.50
10,001-15,000	4.50	4.75	5.25	5.75	6.25	6.50
15,001-20,000	4.50	4.75	5.25	5.75	6.25	6.50
20,001-25,000	4.50	4.75	5.25	5.75	6.25	6.50
25,001-30,000	4.50	4.75	5.25	5.75	6.25	6.50
30,001-35,000	4.50	6.50	7.00	7.50	8.25	9.00
35,001-40,000	4.50	6.50	7.00	7.50	8.25	9.00
40,001-45,000	4.50	6.50	7.00	7.50	8.25	9.00
45,001-50,000	4.50	6.50	7.00	7.50	8.25	9.00
50,001-100,000	6.00	8.50	9.50	10.50	11.50	12.00
>100,000	(4)	9.50	10.50	11.50	12.50	13.50
Billing Determinants	(1)					
<i>Yearly Total in 1,000 Gallons</i>						
0,001-1,000		6,469	6,634	6,799	6,974	7,149
1,001-2,000		5,998	6,151	6,304	6,466	6,628
2,001-5,000		13,408	13,749	14,091	14,454	14,817
5,001-10,000		10,345	10,609	10,872	11,152	11,432
10,001-15,000		4,640	4,759	4,877	5,002	5,128
15,001-20,000	(2)	2,846	2,846	2,846	2,846	2,846
20,001-25,000	(2)	1,865	1,865	1,865	1,865	1,865
25,001-30,000	(2)	1,309	1,309	1,309	1,309	1,309
30,001-35,000	(2)	994	994	994	994	994
35,001-40,000	(2)	820	820	820	820	820
40,001-45,000	(2)	665	665	665	665	665
45,001-50,000	(2)	581	581	581	581	581
50,001-100,000	(2)	3,773	3,773	3,773	3,773	3,773
>100,000	(4)	-	-	-	-	-
Total Volumetric Billing Units		53,715	54,756	55,797	56,904	58,010
Volumetric Revenue						
0,001-1,000	\$	-	\$ 6,634	\$ 10,198	\$ 13,947	\$ 16,085
1,001-2,000		-	6,151	9,455	12,932	14,914
2,001-5,000		56,983	61,872	66,932	72,269	81,493
5,001-10,000		43,967	47,739	51,643	55,761	62,878
10,001-15,000		22,042	24,983	28,042	31,265	33,332
15,001-20,000		13,520	14,943	16,367	17,790	18,501
20,001-25,000		8,860	9,793	10,726	11,658	12,125
25,001-30,000		6,220	6,875	7,530	8,184	8,512
30,001-35,000		6,464	6,961	7,458	8,204	8,950

Levi Water Supply Corporation
Water Cost of Service and Rate Design Study
Proposed Water Rates Over/(Under)

	Current Rates	Year 1 FY 2017	Year 2 FY 2018	Year 3 FY 2019	Year 4 FY 2020	Year 5 FY 2021
35,001-40,000		5,331	5,741	6,151	6,766	7,381
40,001-45,000		4,325	4,657	4,990	5,489	5,988
45,001-50,000		3,777	4,067	4,358	4,793	5,229
50,001-100,000		32,071	35,845	39,618	43,391	45,277
>100,000	(4)	-	-	-	-	-
Total Volumetric Revenue		\$ 203,559	\$ 236,260	\$ 263,466	\$ 292,451	\$ 320,665
Projected percent RR recovered from Volumetric Rates		34.19%	37.04%	38.98%	40.94%	42.57%
Total Revenue from Rates	\$	595,431	\$ 638,116	\$ 675,306	\$ 714,899	\$ 753,721
Total Revenue Requirement		595,303	637,878	675,884	714,335	753,258
Over / (Under) Recovery	\$	129	\$ 239	\$ (577)	\$ 564	\$ 463
Cumulative Over / (Under) Recovery	\$	129	\$ 367	\$ (210)	\$ 354	\$ 817
Debt Service Coverage Ratio						
Rate Revenue	\$	595,431	\$ 638,116	\$ 675,306	\$ 714,899	\$ 753,721
Interest Earned		480	467	473	479	488
Other Miscellaneous Revenue		45,660	45,660	45,660	45,660	45,660
Total Revenue ⁽³⁾	\$	641,571	\$ 684,243	\$ 721,439	\$ 761,038	\$ 799,869
Operating Expenses	\$	448,804	\$ 461,373	\$ 474,372	\$ 487,820	\$ 501,733
Funds Available for Debt Service	\$	192,767	\$ 222,870	\$ 247,067	\$ 273,219	\$ 298,136
Debt Service	\$	192,159	\$ 192,165	\$ 192,171	\$ 192,175	\$ 192,185
Debt Service Coverage Ratio		1.00	1.16	1.29	1.42	1.55

⁽¹⁾ Assumes water consumption is perfectly inelastic (i.e., does not decrease with increasing rates)

⁽²⁾ Assumes consumption greater than 15,000 gallons per month does not increase with customer growth

⁽³⁾ Excludes Equity Buy-In Fee revenue

⁽⁴⁾ There is currently no different rate for consumption greater than 100,000 gallons per month and the forecast of revenue assumes no consumption in this block

Exhibit C
Docket 48299

LEVI WATER SUPPLY CORPORATION

SPECIFICATIONS AND CONTRACT DOCUMENTS
FOR THE CONSTRUCTION OF

WATER SYSTEM IMPROVEMENTS PHASE I

Prepared By



KASBERG, PATRICK & ASSOCIATES, LP
CONSULTING ENGINEERS
TEMPLE, TEXAS
Texas Firm F-510



Ginger R. Tolbert
4/3/18

April 2018

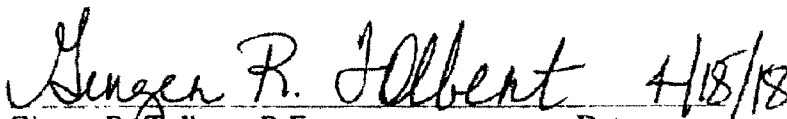
**Levi Water Supply Corporation
Phase I Water Improvements**

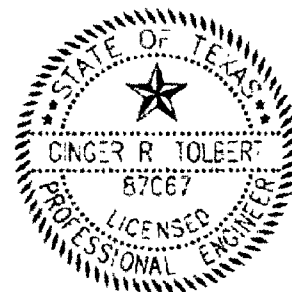
ADDENDUM NO. 1

April 18, 2018

The construction plans and specifications for the Levi Water Supply Corporation Phase I Water Improvements, on which bids are to be received until 3:00 P.M. on Monday, April 23, 2018 in Levi Water Supply Corporation; 2757 Rosenthal Parkway.; Lorena, Texas 76655 are hereby modified as follows:

1. On Thursday, April 12, 2018 a Pre-Bid Conference was held at 3:00 P.M. The agenda and a list of attendees are attached.
2. Refer to Sheets W01-W32 of the Plans. McLennan County permits have been obtained for the project. Water Lines shall be installed by bore with steel encasement as shown on the plans. Water services shall be installed by bore; however, casing is not required.
3. Refer to Sheet D-01 of the Plans. Water Lines shall be installed with 36" Minimum Cover to the top of pipe. Trench width shall be Pipe OD + 12" Minimum with sand or washed/screened gravel embedment as shown.
4. Contractor shall be responsible for flushing and testing all water lines, including taking bacteriological samples in accordance with AWWA C651 and providing certified lab results.
5. Refer to Item SC.16 of the Special Conditions. The Time Allotted for Completion shall be revised to **210** calendar days.
6. Refer to Item SC.46 of the Special Conditions. Construction staking to the extent necessary to construct the project shall be provided by the Contractor and will be considered subsidiary. There will not be a separate pay item and the WSC will not provide staking.
7. Refer to attached Detail for Water Service Connections. Contractor shall connect to existing service lines on WSC side of meter at nearest intersection with the proposed water line. Connections (taps) shall be made in accordance with the attached detail.
8. Contractor shall be responsible for replacement of driveways. Bid items are included in the Bid Schedule for replacement of driveways by linear foot.
9. Contractor shall be responsible for site restoration to as good or better condition, including but not limited to items such as fences, vegetation, mailboxes, culverts, landscaping. This does not include damage to crops as a result of the project. The WSC will address any crop damage directly with the property owner.
10. Refer to the Bid Schedule of the Contract Documents. Replace entire Bid Schedule with pages revised 4/18/18. Contractor shall submit bid on Revised Bid Schedule.


Ginger R. Tolbert, P.E. Date
Kasberg, Patrick & Associates, LP
One South Main
Temple, Texas 76501



PRE-BID MEETING

**Levi Water Supply Corporation
Water System Improvements Phase I
April 12, 2018; 3 PM**

**2757 Rosenthal Parkway
Lorena, Texas 76655**

	NAME and ORGANIZATION	Mailing Address	E-Mail Address	Phone Number Fax Number
11	Ginger Tolbert KPA Engineers	One South Main Temple, TX 76501	gtolbert@kpaengineers.com	(254) 713-3131
12	Berry Utility Cons.	420 Oakberry Hewitt, TX 76648	brian.don.berry@gmail.com	(254) 749-3294
13	Erin H. Hennes TTG Utilities	231 Memorial Dr. Guthrie, TX	ehennes@ttgutilities.com	(254) 225-4524
14	MARIO VILLAPANDO McLEAN CONSTRUCTION	4101 TRIMMER RD. KILLEEN, TX 76542	mario@mcleanco.com	254-39-4514
15	Ryan FLANIGAN BFCI	5114 CANVAS CANYON Belton, TX 76513	rflanigan77@gmail.com bflanigan@gmail.com	254-295-7227 254-718-3543
16	Jim SHEFFERD LEWS WSC	P.O. Box 490 LORENA, TX 76655	jim@leviwater.com	254-292-2762 254-857-3050
17	Brad Berry LWSC	1110 S. 10th Hill Rd Lorena, TX 76655	bradberrysb@gmail.com	254 716-3535
18	Camy Grotz Levi WSC			
19				
20				

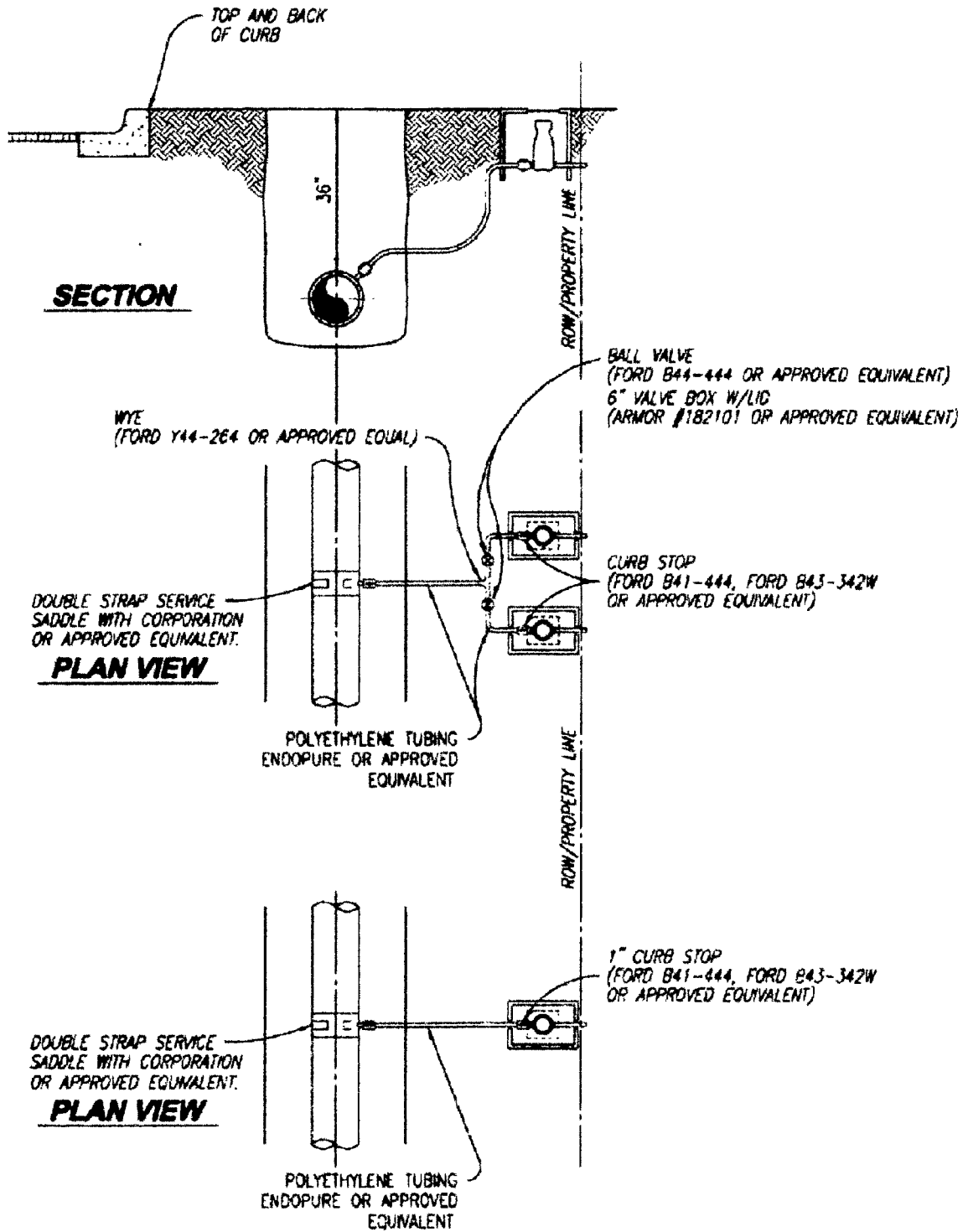
**Levi Water Supply Corporation
Phase I Wastewater Improvements**

Pre-Bid Conference

**April 12, 2018
3:00 p.m.**


AGENDA

1. Introductions
2. Project Background
3. Bid Opening – Monday, April 23, 2018, 3:00 p.m., Levi WSC
4. Questions taken by Ginger R. Tolbert, P.E. until noon on Wednesday, April 18, 2018
5. Time and Order for Completion - 180 calendar days
6. Schedule for Award – May 2018
7. Notice to Proceed – May 2018
8. Review of Plans
 - Levi WSC easements
 - Water Meter Connections
 - Private Service Line
 - Roadway Bores
 - Permit – McLennan County
 - Abandonment
 - Driveway Replacement
9. Review of Bid Form
 - Trench Safety
 - SWPPP
 - Traffic Control
 - Record Drawings
 - DVD
 - Services
 - Testing
 - Alternate Bids
 - WL A-2
 - WL A-3
10. Questions From Bidders



Genzer R. Tolbert
4/18/18



LEVI WATER SUPPLY CORP.	
WATER SYSTEM IMPORVEMENTS	
 KASBERG, PATRICK & ASSOCIATES, LP CONSULTING ENGINEERS TEMPLE, TEXAS 76701 P. 800 Ring Division No. 4-618	
APRIL 2018	ADDENDUM 1

WATER SYSTEM IMPROVEMENTS PHASE I

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ADDENDA

NOTICE TO BIDDERS

SPECIAL PROJECT INFORMATION TO BIDDERS/CONTRACTORS

INSTRUCTIONS TO BIDDERS

PROPOSAL AND BID SCHEDULE

BID BOND

STANDARD FORM OF AGREEMENT

PERFORMANCE BOND

PAYMENT BOND

CERTIFICATE OF INSURANCE

NOTICE OF AWARD

NOTICE TO PROCEED

GENERAL CONDITIONS

SPECIAL CONDITIONS

TECHNICAL SPECIFICATIONS

Section G01 - Pipe Excavation, Trenching, Embedment, Encasement and Backfilling

Section G02 - Trench Safety Systems

Section G03 - Construction within Right-Of-Way of Highways, County Roadways, City
Streets And Railroads

Section G04 - Preparing Right-Of-Way

Section G05 - Concrete

Section G06 - Removing and Replacing Existing Pavement, Driveways, Sidewalks and Paved
Waterways

Section G07 - Sedimentation and Erosion Control

Section G08 - Finish Grading and Grass Planting

Section G09 - Site Conditions

Section G10 - PVC Pipe and Fittings for Pressure Pipe

Section G11 - Encasement Pipe

Section G12 - Testing For Pressure Pipelines

NOTICE TO BIDDERS

Sealed bids addressed to Levi Water Supply Corporation will be received at 2757 Rosenthal Parkway; Lorena, Texas 76655 until **3:00 PM on Monday, April 23, 2018** for the construction of the **Phase I Wastewater Improvements** for the Levi WSC, Texas. The bids shall be labeled:

WATER SYSTEM IMPROVEMENTS PHASE I LEVI WATER SUPPLY CORPORATION

Bids must be submitted on the Bid Form provided and must be accompanied by a cashier's check, certified check or acceptable bidder's bond payable without recourse to the Levi WSC in an amount not less than five (5) percent of the bid submitted as a guarantee that the bidder will enter into a contract and execute a Performance Bond and a Payment Bond within ten (10) days after the notification of the award of the contract.

The bids will be publicly opened and read aloud at the office of Levi Water Supply Corporation at **3:00 PM on Monday, April 23, 2018**. The Board will officially review the bids at their next regularly scheduled meeting and award the contract as soon thereafter as practical.

The Levi WSC reserves the right to accept or reject any and all bids, as the best interest of the Tax Increment Reinvestment Zone may require, and to waive any informality in bids received. The Levi WSC also reserves the right to award the Contract as may be advantageous to the Levi WSC.

Plans, specifications and bidding documents will be provided electronically by pdf. Hard copies may be obtained at the office of Kasberg, Patrick & Associates, LP; One South Main Street; Temple, TX 76501 for a non-refundable cost of \$50.00 per set, checks made payable to Kasberg, Patrick & Associates, LP.

Questions should be addressed to Ginger R. Tolbert, P.E. at the phone number listed above or at gtolbert@kpaengineers.com.

A Non-Mandatory Pre-bid Conference will be held at 2757 Rosenthal Parkway; Lorena, Texas 76655 at 3:00 PM on Thursday, April 12, 2018.

**SPECIAL PROJECT INFORMATION
TO BIDDERS/CONTRACTORS**

- A. All questions and inquiries about the project should be directed to **Ginger R. Tolbert, P.E., until noon on Wednesday, April 18, 2018**, preferably by e-mail at gtolbert@kpaengineers.com. Questions after that time and date will not be addressed and the Engineer and/or Owner shall not be bound by any references or dates obtained by the Bidders unless an official addendum is produced and released by Kasberg, Patrick & Associates, LP.
- B. Contract Administration and Pay Estimate Approvals will be provided by Kasberg, Patrick & Associates, LP.
- C. The Bid Item for Mobilization, Bonds and Insurance shall not exceed 5% of the total amount Bid for any particular Base Bid, Add Alternate Bid or Alternate Bid.

INSTRUCTION TO BIDDERS FOR CONSTRUCTION

1. Use of Separate Bid Forms

These contract documents include a complete set of bid and contract forms which are for the convenience of the bidders and are not to be detached from the contract document, completed or executed. After questions and inquiries cut-off time, a separate bid form will be provided for your use.

2. Interpretations or Addenda

Each request for an interpretation shall be made to the engineer. Each interpretation made will be in the form of an Addendum to the contract documents and will be distributed to all parties holding contract documents no less than one (1) day prior to the bid opening. It is, however, the bidder's responsibility to make inquiry as to any addenda issued. All such addenda shall become part of the contract documents and all bidders shall be bound by such addenda, whether or not received by the bidder.

3. Inspection of Site

Each bidder should visit the site of the proposed work and fully acquaint himself with the existing conditions there and should fully inform himself as to the facilities involved, the difficulties and restrictions attending the performance of the contract. The bidder should thoroughly examine and familiarize himself with the drawings, technical specifications and all other contract documents. The contractor, by the execution of the contract, shall in no way be relieved of any obligation under it due to his failure to receive or examine any form or legal document or to visit the site or acquaint himself with the conditions there existing. The Levi WSC will be justified in rejecting any claim based on lack of inspection of the site prior to the bid.

4. Bids

- a) All bids must be submitted on the forms provided and are subject to all requirements of the Contract Documents, including the Drawings.
- b) All bids must be regular in every respect and no interlineation, excisions or special conditions may be made or included by the bidder.
- c) The Levi WSC may consider as irregular any bid on which there is an alteration of or departure from the bid form and, at its option, may reject any irregular bid.
- d) If contract is awarded, it will be awarded to the lowest responsible bidder on the basis of the base bid and the selected alternate bid items, if any. The contract will require the completion of the work in accordance with the contract documents.

5. Bid Bond

- a) A bid bond in the amount of 5% of the bid issued by the acceptable surety shall be submitted with each bid. A certified check or bank draft payable to the Levi WSC may be submitted in lieu of the Bid Bond.
- b) The bid bond or its comparable will be returned to the bidder as soon as practical after the opening of the bids.

6. Unit Price

The unit price for each of the several items in the bid shall include its pro rata share of overhead so that the sum of the products obtained by multiplying the quantity shown for each item by the unit price bid represents the total bid. Any bid not conforming to this requirement may be rejected as informal. Special attention is drawn to this condition, as the unit prices will be used to determine the amount of any change orders resulting from an increase or decrease in quantities.

7. Corrections

Erasures or other corrections in the bid must be noted over the signature of the bidder.

8. Time for Receiving Bids

Bids received prior to the advertised hour of opening will be kept securely sealed. The officer appointed to open the bids shall decide when the specified time has arrived and no bid received thereafter will be considered.

9. Opening of Bids

The Levi WSC shall, at the time and place fixed for the opening of bids, open each bid and publicly read it aloud, irrespective of any irregularities therein. Bidders and other interested individuals may be present.

10. Withdrawal of Bids

Bidder may withdraw the bid before the time fixed for the opening of bids, by communicating his purpose in writing to the Levi WSC. Upon receipt of such notice, the unopened bid will be returned to the bidder. The bid guaranty of any bidder withdrawing his bid will be returned promptly.

11. Award of Contract/Rejection of Bids

- a) The contract will be awarded to the responsive, responsible Bidder submitting the lowest/best bid. The bidder selected will be notified at the earliest possible date. The Levi WSC reserves the right to reject any or all bids and to waive any informality in bids received where such rejection or waiver is in its interest.

12. Execution of Agreement/Performance and Payment Bonds

- a) The failure of the successful bidder to execute the agreement and supply the required bonds within ten (10) days after the prescribed forms are presented for signature, or within such extended period as the Levi WSC may grant, shall constitute a default and the Levi WSC may, at its option either award the contract to the next lowest responsible bidder, or re-advertise for bids. In either case, the Levi WSC may charge against the bidder the difference between the amount of the bid, and the amount for which a contract is subsequently executed irrespective of whether this difference exceeds the amount of the bid bond. If a more favorable bid is received through re-advertisement, the defaulting bidder shall have no claim against the Levi WSC for a refund.

BID FORM

PROJECT IDENTIFICATION: Levi Water Supply Corporation
Water System Improvements Phase I

THIS BID IS SUBMITTED TO: Levi Water Supply Corporation
2757 Rosenthal Parkway
Lorena, Texas 76655

1. The undersigned BIDDER proposes and agrees, if this Bid is accepted, to enter into an agreement with OWNER in the form included in the Contract Documents to perform and furnish all Work as specified or indicated in the Contract Documents for the Contract Price and within the Contract Time indicated in this Bid and in accordance with the other terms and conditions of the Contract Documents.
2. BIDDER accepts all of the terms and conditions of the Invitation to Bid and Instructions to Bidders, including without limitation those dealing with the disposition of Bid security. This Bid will remain subject to acceptance for sixty (60) days after the day of Bid opening. BIDDER will sign and submit the Agreement with the Bonds and other documents required by the Bidding Requirements within ten days after the date of OWNER's Notice of Award.
3. In submitting this bid, BIDDER represents, as more fully set forth in the Agreement, that:
 - a. BIDDER has familiarized itself with the nature and extent of the Contract Documents, Work, site, locality, and all local conditions and Laws and Regulations that in any manner may affect cost, progress, performance or furnishing of the Work.
 - b. BIDDER has obtained and carefully studied (or assumes responsibility for obtaining and carefully studying) all such examinations, investigations, explorations, tests and studies which pertain to the subsurface of physical conditions at the site or otherwise may affect the cost, progress, performance or furnishing of the Work as BIDDER considers necessary for the performance or finishing of the Work at the Contract Price, within the Contract Time and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of paragraph 8 of the Agreement; and no additional examinations, investigations, explorations, tests, reports, or similar information or data are or will be required by BIDDER for such purposes.

- c. BIDDER has reviewed and checked all information and data shown or indicated on the Contract Documents with respect to existing Underground Facilities at or contiguous to the site and assumed responsibility for the accurate location of said Underground Facilities. No additional examinations, investigations, explorations, tests, reports or similar information or data in respect of said Underground Facilities are or will be required by BIDDER in order to perform and furnish the Work at the Contract Price, within the Contract Time and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of paragraph 8 of the Agreement.
- d. BIDDER has correlated the results of all such observations, examinations, investigations, explorations, tests, reports and studies with the terms and conditions of the Contract Documents.
- e. BIDDER has given OWNER written notice of all conflicts, errors or discrepancies that it has discovered in the Contract Documents and the written resolution thereof by OWNER is acceptable to BIDDER.
- f. This Bid is genuine and not made in the interest of or on behalf of any undisclosed person, firm or corporation and is not submitted in conformity with any agreement or rules of any group, association, organization or corporation; BIDDER has not directly or indirectly induced or solicited any other BIDDER to submit a false or sham Bid; BIDDER has not solicited or induced any person, firm or corporation to refrain from bidding; and BIDDER has not sought by collusion to obtain for itself any advantage over any other BIDDER or over OWNER.

4 BIDDER will complete work for the following prices:

**LEVI WATER SUPPLY CORPORATION
WATER SYSTEM IMPROVEMENTS
PHASE I: BID SCHEDULE**

Base Bid

Item No.	Estimated Quantity	Unit	Description	Unit Price	Total Amount
1	100%	Lump Sum	Mobilization, Bonds and Insurance, not-to-exceed 5% of the BaseBid Amount, Complete For	\$ 29,000.00	\$ 29,000.00
2	34,250	Linear Foot	Provide Labor, Equipment, Tools and Supervision to Complete Preparation of Right-of-way, Complete For	\$ 0.80	\$ 27,400.00
3	100%	Lump Sum	Submit Trench Safety Plan prepared and signed by P.E., in Conformance with State Law and OSHA, Complete For	\$ 950.00	\$ 950.00
4	34,250	Linear Foot	Implement and Follow Trench Safety Plan (Pipe), Complete For	\$ 0.18	\$ 6,165.00
5	4,800	Square Foot	Implement and Follow Trench Safety Plan (Bore Pits), Complete For	\$ 1.00	\$ 4,800.00
6	100%	Lump Sum	Prepare Stormwater Pollution Prevention Plan, Including Submission to and Receiving Permits from Texas Commission on Environmental Quality (TCEQ), Complete For	\$ 5,630.00	\$ 5,630.00
7	100%	Lump Sum	For Preparing and Submitting a Control Plan for Vehicular Traffic, Complete for	\$ 1,890.00	\$ 1,890.00
8	100%	Lump Sum	Implement and Administer Barricade, Signing and Traffic Safety Plan (Vehicular and Pedestrian), Complete For	\$ 9,000.00	\$ 9,000.00
9	100%	Lump Sum	Provide Project Record Drawings (As Builts), Complete For	\$ 520.00	\$ 520.00
10	100%	Lump Sum	Provide DVD of right-of-way pre-construction and post construction site conditions for the total project, Complete For	\$ 650.00	\$ 650.00

**LEVI WATER SUPPLY CORPORATION
WATER SYSTEM IMPROVEMENTS
PHASE I: BID SCHEDULE**

Base Bid

Item No.	Estimated Quantity	Unit	Description	Unit Price	Total Amount
11	34,250	Linear Foot	Provide Clean-up and Final Grading Along Final Pipeline Route, Complete For	\$ 0.65	\$ 22,262.50
12	5,150	Linear Foot	Provide and Install 6-inch Diameter C900 DR-18 PVC Water Line, including Thrust Restraint, Complete For	\$ 16.50	\$ 84,975.00
13	18,800	Linear Foot	Provide and Install 4-inch Diameter C900 DR-18 PVC Water Line, including Thrust Restraint, Complete For	\$ 13.50	\$ 253,800.00
14	2,950	Linear Foot	Provide and Install 3-inch Diameter CL200 SDR-21 PVC Water Line, including Thrust Restraint, Complete For	\$ 11.80	\$ 34,810.00
15	6,850	Linear Foot	Provide and Install 2.5-inch Diameter CL200 SDR-21 PVC Water Line, including Thrust Restraint, Complete For	\$ 10.90	\$ 74,665.00
16	70	Linear Foot	Provide and Install 2-inch Diameter CL200 SDR-21 PVC Water Line, including Thrust Restraint, Complete For	\$ 36.00	\$ 2,520.00
17	30	Linear Foot	Provide and Install 1.5-inch Diameter CL200 SDR-21 PVC Water Line, including Thrust Restraint, Complete For	\$ 39.00	\$ 1,170.00
18	400	Linear Foot	Provide and Install Additional PVC Service Water Line, including Thrust Restraint, Complete For	\$ 23.00	\$ 9,200.00
19	150	Linear Foot	Provide and Install 12-inch Diameter Steel Encasement by Bore, Complete in Place For	\$ 125.00	\$ 18,750.00

**LEVI WATER SUPPLY CORPORATION
WATER SYSTEM IMPROVEMENTS
PHASE I: BID SCHEDULE**

Base Bid

Item No.	Estimated Quantity	Unit	Description	Unit Price	Total Amount
20	90	Linear Foot	Provide and Install 10-inch Diameter Steel Encasement by Bore, Complete in Place For	\$ 105.00	\$ 9,450.00
21	140	Linear Foot	Provide and Install 8-inch Diameter Steel Encasement by Bore, Complete in Place For	\$ 89.00	\$ 12,460.00
22	180	Linear Foot	Provide and Install 6-inch Diameter Steel Encasement by Bore, Complete in Place For	\$ 84.00	\$ 15,120.00
23	55	Linear Foot	Provide and Install 4-inch Diameter Steel Encasement by Bore, Complete in Place For	\$ 78.00	\$ 4,290.00
24	3	Each	Provide and Install 6" 90° Bend, Complete For	\$ 300.00	\$ 900.00
25	30	Each	Provide and Install 4" 90° Bend, Complete For	\$ 230.00	\$ 6,900.00
26	10	Each	Provide and Install 2.5" 90° Bend, Complete For	\$ 225.00	\$ 2,250.00
27	3	Each	Provide and Install 6" Gate Valve, Complete For	\$ 820.00	\$ 2,460.00
28	5	Each	Provide and Install 4" Gate Valve, Complete For	\$ 665.00	\$ 3,325.00

**LEVI WATER SUPPLY CORPORATION
WATER SYSTEM IMPROVEMENTS
PHASE I: BID SCHEDULE**

Base Bid

Item No.	Estimated Quantity	Unit	Description	Unit Price	Total Amount
29	2	Each	Provide and Install 3" Gate Valve, Complete For		
				\$ 678.00	\$ 1,356.00
30	9	Each	Provide and Install 2.5" Gate Valve, Complete For		
				\$ 577.00	\$ 5,193.00
31	2	Each	Provide and Install 2" Gate Valve, Complete For		
				\$ 520.00	\$ 1,040.00
32	3	Each	Provide and Install 1.5" Gate Valve, Complete For		
				\$ 350.00	\$ 1,050.00
33	1	Each	Provide and Install 4" X 2" Cross, Complete For		
				\$ 755.00	\$ 755.00
34	1	Each	Provide and Install 8" X 8" Tee, Complete For		
				\$ 545.00	\$ 545.00
35	2	Each	Provide and Install 6" X 6" Tee, Complete For		
				\$ 445.00	\$ 890.00
36	1	Each	Provide and Install 6" X 3" Tee, Complete For		
				\$ 380.00	\$ 380.00
37	1	Each	Provide and Install 4" X 4" Tee, Complete For		
				\$ 330.00	\$ 330.00

**LEVI WATER SUPPLY CORPORATION
WATER SYSTEM IMPROVEMENTS
PHASE I: BID SCHEDULE**

Base Bid

Item No.	Estimated Quantity	Unit	Description	Unit Price	Total Amount
38	3	Each	Provide and Install 4" X 2" Tee, Complete For	\$ 430.00	\$ 1,290.00
39	4	Each	Provide and Install 2.5" X 2.5" Tee, Complete For	\$ 320.00	\$ 1,280.00
40	1	Each	Provide and Install 2" X 2" Tee, Complete For	\$ 220.00	\$ 220.00
41	1	Each	Provide and Install 8" X 6" Reducer, Complete For	\$ 315.00	\$ 315.00
42	4	Each	Provide and Install 6" X 3" Reducer, Complete For	\$ 227.00	\$ 908.00
43	2	Each	Provide and Install 4" X 2.5" Reducer, Complete For	\$ 330.00	\$ 660.00
44	1	Each	Provide and Install 4" X 2" Reducer, Complete For	\$ 250.00	\$ 250.00
45	4	Each	Provide and Install 3" X 2.5" Reducer, Complete For	\$ 275.00	\$ 1,100.00
46	2	Each	Provide and Install 2.5" X 2" Reducer, Complete For	\$ 240.00	\$ 480.00
47	6	Each	Provide and Install 2.5" X 1.5" Reducer, Complete For	\$ 320.00	\$ 1,920.00
48	2	Each	Provide and Install 2" X 1.5" Reducer, Complete For	\$ 320.00	\$ 640.00
49	1	Each	Provide and Install 4" Tapping Sleeve and Valve, Complete For	\$ 1,500.00	\$ 1,500.00

**LEVI WATER SUPPLY CORPORATION
WATER SYSTEM IMPROVEMENTS
PHASE I: BID SCHEDULE**

Base Bid

Item No.	Estimated Quantity	Unit	Description	Unit Price	Total Amount
50	2	Each	Provide and Install 4" Cap, Complete For		
				\$ <u>150.00</u>	\$ <u>300.00</u>
51	5	Each	Provide and Install 3" Cap, Complete For		
				\$ <u>150.00</u>	\$ <u>750.00</u>
52	4	Each	Provide and Install 1.5" Cap, Complete For		
				\$ <u>100.00</u>	\$ <u>400.00</u>
53	32	Each	Provide and Install Long Single Service Connection, Complete For		
				\$ <u>1,600.00</u>	\$ <u>51,200.00</u>
54	6	Each	Provide and Install Long Dual Service Connection, Complete For		
				\$ <u>1,675.00</u>	\$ <u>10,050.00</u>
55	54	Each	Provide and Install Short Single Service Connection, Complete For		
				\$ <u>810.00</u>	\$ <u>43,740.00</u>
56	6	Each	Provide and Install Short Dual Service Connection, Complete For		
				\$ <u>1,110.00</u>	\$ <u>6,660.00</u>
57	6	Each	Provide and Install Fire Hydrant, Complete For		
				\$ <u>4,110.00</u>	\$ <u>24,660.00</u>
58	100%	Lump Sum	For Furnishing All Materials, Equipment, Tools and Labor Necessary for Pressure Testing Water Pipe, Including Any Necessary Repairs, Complete For		
				\$ <u>21,780.00</u>	\$ <u>21,780.00</u>

**LEVI WATER SUPPLY CORPORATION
WATER SYSTEM IMPROVEMENTS
PHASE I: BID SCHEDULE**

Base Bid

Item No.	Estimated Quantity	Unit	Description	Unit Price	Total Amount
59	100%	Lump Sum	Furnish and Install Sampling Stations for Microbiological Testing in accordance with AWWA C-651, including taking necessary samples & providing certified lab results, Complete For	\$ 11,330.00	\$ 11,330.00
60	100%	Lump Sum	Furnish and Install Temporary Flush Assemblies, Complete For	\$ 5,900.00	\$ 5,900.00
61	50	Linear Foot	Furnish, Install, Maintain and Remove Rock Berm as required in the Stormwater Pollution Prevention Plan, Complete For	\$ 40.00	\$ 2,000.00
62	1,000	Linear Foot	Furnish, Install, Maintain and Remove Silt Fence as required in the Stormwater Pollution Prevention Plan, Complete For	\$ 6.50	\$ 6,500.00
63	1,200	Linear Foot	Remove & Replace Gravel Driveway, Complete For	\$ 12.00	\$ 14,400.00
64	100	Linear Foot	Remove & Replace Asphalt Driveway, Complete For	\$ 38.00	\$ 3,800.00
65	100	Linear Foot	Remove & Replace Concrete Driveway, Complete For	\$ 58.00	\$ 5,800.00
66	60,000	Square Yard	Grass Establishment For Permanent Erosion Control, Including water to establish and sustain growth, Complete For	\$ 0.35	\$ 21,000.00
67	1	Each	Connect to Existing 8" Waterline, Complete For	\$ 1,250.00	\$ 1,250.00

**LEVI WATER SUPPLY CORPORATION
WATER SYSTEM IMPROVEMENTS
PHASE I: BID SCHEDULE**

Base Bid

Item No.	Estimated Quantity	Unit	Description	Unit Price	Total Amount
68	1	Each	Connect to Existing 6" Waterline, Complete For	\$ 1,125.00	\$ 1,125.00
69	1	Each	Connect to Existing 4" Waterline, Complete For	\$ 1,000.00	\$ 1,000.00
70	5	Each	Connect to Existing 3" Waterline, Complete For	\$ 875.00	\$ 4,375.00
71	14	Each	Connect to Existing 2.5" Waterline, Complete For	\$ 815.00	\$ 11,410.00
72	6	Each	Connect to Existing 2" Waterline, Complete For	\$ 750.00	\$ 4,500.00
73	7	Each	Connect to Existing 1.5" Waterline, Complete For	\$ 630.00	\$ 4,410.00

TOTAL BASE BID AMOUNT (ITEMS 1-73) \$ 925,754.50
(numerals)

LEVI WATER SUPPLY CORPORATION
WATER SYSTEM IMPROVEMENTS
PHASE I: BID SCHEDULE

Alternate				
Item No.	Estimated Quantity	Unit	Description	Unit Price
AA-1	100%	Lump Sum	Upsize Water System Improvement 'A-2' along Southwinds Drive as shown on sheets W-08 through W-11 from 4" to 6" including Fittings, Valves, Casings, and all other Appurtenances, Complete For	
				\$ 25,000.00
AA-2	100%	Lump Sum	Upsize Water System Improvement 'A-3' along Southwinds Drive as shown on sheets W-12 through W-17 from 4" to 6" including Fittings, Valves, Casings, and all other Appurtenances, Complete For	
				\$ 30,000.00
AA-3	100%	Lump Sum	Upsize ALL 2.5" Water System Improvements to 3" including Fittings, Valves, Casings, and all other Appurtenances, Complete For	
				\$ 12,000.00

TOTAL ALTERNATE BID AMOUNT \$ 67,000.00
 (numerals)

BID SUMMARY

TOTAL BASE BID \$: 925,754.50

TOTAL ALTERNATE BID \$: 67,000.00

TOTAL BASE BID + TOTAL ALTERNATE BID \$: 992,754.50

Receipt is hereby acknowledged of the following addenda to the Contract Documents.

Addendum No. 1 dated	<u>04/18/2018</u>	Received	<u>04/19/2018</u>
Addendum No. 2 dated	<u> </u>	Received	<u> </u>
Addendum No. 3 dated	<u> </u>	Received	<u> </u>
Addendum No. 4 dated	<u> </u>	Received	<u> </u>

The above prices shall include all labor, materials, overhead, profit, insurance, etc., to cover the finished work of the several kinds called for.

The work proposed to be done shall be accepted when fully completed and finished in accordance with the plans, specifications and Project Schedule shown herein, to the satisfaction of the Engineer.

The undersigned bidder hereby declares that they have visited the site of the work and has carefully examined the Contract Documents pertaining to the work covered in the above bid, and that the bid prices contained in the proposal have been

Respectfully submitted, **TTG UTILITIES, LP,**
By TTG UTILITIES GP, LLC,
General Partner

Name: _____

By:

By: Ricardo J. Pena, President

TTG Utilities, LP
Company Name

Address P. O. Box 299
Gatesville, TX 76528

Seal & Authorization (if a Corporation)

Attest. *Karna L. James*

Telephone Number: 254-248-1151

Secretary

Fax Number: 254-248-1242

BID BOND

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned,
TTG Utilities, LP as Principal,
and North American Specialty Insurance Company as
Surety, are hereby held and firmly bound unto Levi Water Supply Corporation as OWNER in the penal
sum of Five Percent (5%) of the Greatest Amount Bid By Principal for payment
of which, well and truly to be made, we hereby jointly and severally bind ourselves, successors and
assigns.

SIGNED, this 23rd day of April, 2018. The Condition of the above obligation is
such that whereas the Principal has submitted to Levi Water Supply Corporation
a certain BID, attached hereto and hereby made a part hereof to enter into a contract in writing, for
the

Water System Improvements Phase I

NOW, THEREFORE,


- (a) If said BID shall be rejected, or
- (b) If said BID shall be accepted and the Principal shall execute and deliver a contract in the
Form of Contract attached hereto (properly completed in accordance with said BID) and shall
furnish a BOND for his faithful performance of said contract, and for the payment of all
persons performing labor or furnishing materials in connection therewith, and shall in all
other respects perform the agreement created by the acceptance of said BID,

then this obligation shall be void, otherwise the same shall remain in force and effect; it being
expressly understood and agreed that the liability of the Surety for any and all claims hereunder
shall, in no event, exceed the penal amount of this obligation as herein stated.

THE SURETY, for value received, hereby stipulates and agrees that the obligations of said Surety
and its BOND shall be in no way impaired or affected by any extension of the time within which the
OWNER may accept such BID; and said Surety does hereby waive notice of any such extension.

IN WITNESS WHEREOF, the Principal and the Surety have hereunto set their hands and seals, and such of them as are corporations have caused their corporate seals to be hereto affixed and these presents to be signed by their proper officers, the day and year first set forth above.

TTG Utilities, LP

 (L.S.)

Principal Ricardo J. Pena, President, TTG Utilities GP, LLC, General Partner of TTG Utilities, LP

North American Specialty Insurance Company

Surety

By: 

Eva O. Limmer, Attorney-in-Fact

IMPORTANT - Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the state where the project is located.

END OF SECTION

SWISS RE CORPORATE SOLUTIONS

NORTH AMERICAN SPECIALTY INSURANCE COMPANY
WASHINGTON INTERNATIONAL INSURANCE COMPANY

GENERAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, THAT North American Specialty Insurance Company, a corporation duly organized and existing under laws of the State of New Hampshire, and having its principal office in the City of Overland Park, Kansas, and Washington International Insurance Company, a corporation organized and existing under the laws of the State of New Hampshire and having its principal office in the City of Overland Park, Kansas, each does hereby make, constitute and appoint:

JOHN R. WARD, THOMAS D. MOORE, EVA O. LIMMER,
EMILY MIKESKA and ALLYSON DEAN-WEST

JOINTLY OR SEVERALLY

Its true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver, for and on its behalf and as its act and deed, bonds or other writings obligatory in the nature of a bond on behalf of each of said Companies, as surety, on contracts of suretyship as are or may be required or permitted by law, regulation, contract or otherwise, provided that no bond or undertaking or contract or suretyship executed under this authority shall exceed the amount of:


FIFTY MILLION (\$50,000,000.00) DOLLARS

This Power of Attorney is granted and is signed by facsimile under and by the authority of the following Resolutions adopted by the Boards of Directors of both North American Specialty Insurance Company and Washington International Insurance Company at meetings duly called and held on the 9th of May, 2012:

"RESOLVED, that any two of the Presidents, any Managing Director, any Senior Vice President, any Vice President, any Assistant Vice President, the Secretary or any Assistant Secretary be, and each or any of them hereby is authorized to execute a Power of Attorney qualifying the attorney named in the given Power of Attorney to execute on behalf of the Company bonds, undertakings and all contracts of surety, and that each or any of them hereby is authorized to attest to the execution of any such Power of Attorney and to attach therein the seal of the Company; and it is

FURTHER RESOLVED, that the signature of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be binding upon the Company when so affixed and in the future with regard to any bond, undertaking or contract of surety to which it is attached."



By 
Steven F. Anderson, Senior Vice President of Washington International Insurance Company
& Senior Vice President of North American Specialty Insurance Company



By 
Michael A. Ito, Senior Vice President of Washington International Insurance Company
& Senior Vice President of North American Specialty Insurance Company

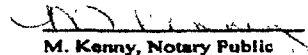
IN WITNESS WHEREOF, North American Specialty Insurance Company and Washington International Insurance Company have caused their official seals to be hereunto affixed, and these presents to be signed by their authorized officers this 27 day of October, 2017.

North American Specialty Insurance Company
Washington International Insurance Company

State of Illinois
County of Cook ss:

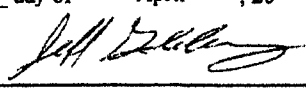
On this 27 day of October, 2017, before me, a Notary Public personally appeared Steven P. Anderson, Senior Vice President of Washington International Insurance Company and Senior Vice President of North American Specialty Insurance Company and Michael A. Ito, Senior Vice President of Washington International Insurance Company and Senior Vice President of North American Specialty Insurance Company, personally known to me, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as officers of and acknowledged said instrument to be the voluntary act and deed of their respective companies.




M. Kenny, Notary Public

I, Jeffrey Goldberg, the duly elected Assistant Secretary of North American Specialty Insurance Company and Washington International Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney given by said North American Specialty Insurance Company and Washington International Insurance Company, which is still in full force and effect.

IN WITNESS WHEREOF, I have set my hand and affixed the seals of the Companies this 23rd day of April, 2018.


Jeffrey Goldberg, Vice President & Assistant Secretary of
Washington International Insurance Company & North American Specialty Insurance Company

**North American Specialty Insurance Company
Washington International Insurance Company
Westport Insurance Corporation**

TEXAS CLAIMS INFORMATION

IMPORTANT NOTICE

In order to obtain information or make a complaint:

You may contact **Jeffrey Goldberg, Vice President**
- Claims at 1-800-338-0753

You may call **Washington International Insurance Company and/or North American Specialty Insurance Company's and/or Westport Insurance Corporation** toll-free number for information or to make a complaint at:

1-800-338-0753

You may also write to **Washington International Insurance Company and/or North American Specialty Insurance Company and/or Westport Insurance Corporation** at the following address:

**1450 American Lane
Suite 1100
Schaumburg, IL 60173**

You may contact the **Texas Department of Insurance** to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may write the **Texas Department of Insurance**:

**P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 475-1771
Web: <http://www.tdi.state.tx.us>
Email: ConsumerProtection@tdi.state.tx.us**

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should first contact the **Washington International Insurance Company and/or North American Specialty Insurance Company and/or Westport Insurance Corporation**. If the dispute is not resolved, you may contact the **Texas Department of Insurance**.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

ADVISO IMPORTANTE

Para obtener informacion o para someter un queja:

Puede comunicarse con **Jeffrey Goldberg, Vice President - Claims**, al 1-800-338-0753

Usted puede llamar al numero de telefono gratis de **Washington International Insurance Company and/or North American Specialty Insurance Company's and/or Westport Insurance Corporation** para informacion o para someter una queja al:

1-800-338-0753

Usted tambien puede escribir a **Washington International Insurance Company and/or North American Specialty Insurance Company and/or Westport Insurance Corporation** al:

**1450 American Lane
Suite 1100
Schaumburg, IL 60173**

Puede escribir al **Departamento de Seguros de Texas** para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir al **Departamento de Seguros de Texas**:

**P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 475-1771
Web: <http://www.tdi.state.tx.us>
Email: ConsumerProtection@tdi.state.tx.us**

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el **Washington International Insurance Company and/or North American Specialty Insurance Company and/or Westport Insurance Corporation** primero. Si no se resuelve la disputa, puede entonces comunicarse con el **Departamento de Seguros de Texas**.

UNA ESTE AVISO A SU POLIZA

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

STANDARD FORM OF AGREEMENT

STATE OF TEXAS

COUNTY OF McLennan }

THIS AGREEMENT, made and entered into this 14th day of May, 2018, by and between Levi Water Supply Corporation of the County of McLennan and State of Texas, acting through Jim Sheffield thereunto duly authorized so to do, Party of the First Part, hereinafter termed OWNER, and TTG Utilities, LP of the City of Gatesville, County of Coryell and State of Texas, Party of the Second Part, Hereinafter termed CONTRACTOR.

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned, to be made and performed by the Party of the First Part (OWNER), and under the conditions expressed in the bond bearing even date herewith, the said Party of the Second Part (CONTRACTOR), hereby agrees with the said Party of the First Part (OWNER) to commence and complete the construction of certain improvements described as follows:

Water System Improvements Phase I

and all extra work in connection therewith, under the terms as stated in the General Conditions of the Agreement and at his (or their) own proper cost and expense to furnish all the materials, supplies, machinery, equipment, tools, superintendence, labor, insurance, and other accessories and services necessary to complete the said construction, in accordance with the conditions and prices stated in the Proposal attached hereto, and in accordance with the Notice to Contractors, General and Special Conditions of Agreement, Plans and other drawings and printing or written explanatory matter thereof, and the Specifications and addenda therefor, as prepared by Kasberg, Patrick & Associates, LP; One South Main; Temple, Texas, 76501; (254) 773-3731, herein entitled the ENGINEER, each of which has been identified by the CONTRACTOR and the ENGINEER, together with the CONTRACTOR'S written Proposal, the General Conditions of the Agreement, and the Performance and Payment Bonds hereto attached; all of which are made a part hereof and collectively evidence and constitute the entire contract.

The CONTRACTOR agrees to commence work within ten (10) days after the date written notice to do so shall have been given him, and to complete construction as required in the contract, subject to such extensions of time as are provided by the General and Special Conditions.

The OWNER agrees to pay the CONTRACTOR in current funds the price or prices shown in the proposal, which forms a part of this contract, such payments to be subject to the General and Special Conditions of the contract.

IN WITNESS WHEREOF, the parties to these presents have executed this Agreement in the year and day first above written.

Levi Water Supply Corporation
Party of the First Part (OWNER)

TTG Utilities, LP
Party of the Second Part (CONTRACTOR)

By: _____
Title: General Manager

By: _____
Title: _____

ATTEST:

ATTEST:

APPROVED AS TO FORM:

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS: that

TTG Utilities, LP

(Name of Contractor or Company)

P. O. Box 299; Gatesville, TX 76528

(Address)

a Partnership hereinafter called Principal,
(Corporation / Partnership)

and

(Name of Surety Company)

(Address)

hereinafter called Surety, are held and firmly bound unto

Levi Water Supply Corporation

(Name of Recipient)

2757 Rosenthal Parkway; Lorena, Texas 76655

(Recipient's Address)

hereinafter called OWNER, in the penal sum of \$ Nine Hundred Thirty Seven Thousand, Seven Hundred Fifty Four dollars and 50/100---- Dollars (\$ 937,754.50) in lawful money of the United States, for the payment of which sum well and truly to be made we bind ourselves, successors, and assigns, jointly and severally, firmly in these presents.

THE CONDITION OF THIS OBLIGATION is such that whereas, the Principal entered into a certain contract with the OWNER dated the _____ day of _____, 2018 a copy of which is hereto attached and made a part hereof for the construction of:

Water System Improvements Phase I

NOW THEREFORE, if the Principal shall well, truly and faithfully perform its duties in all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term thereof, and any extensions thereof which may be granted by the OWNER, with or without notice to the Surety and during the one year guaranty period, and if he shall satisfy all claims and demands incurred under such contract, and shall fully indemnify and save harmless the OWNER from all costs and damages which it may suffer by reason of failure to do so, and shall reimburse and repay the OWNER all outlay and expense which the OWNER may incur in making good any default, then this obligation shall be void, otherwise to remain in full force and effect.

PROVIDED FURTHER, that the said Surety, for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to WORK to be performed there under or the SPECIFICATIONS accompanying the same shall in any way affect its obligation on this BOND, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the WORK or to the SPECIFICATIONS.

PROVIDED, FURTHER, that no final settlement between the OWNER and the CONTRACTOR shall abridge the right of any beneficiary hereunder, whose claim may be unsatisfied.

PROVIDED, HOWEVER that this bond is executed pursuant to Chapter 2253 of the Texas Government Code, as amended, and all liabilities on this bond shall be determined in accordance with the provisions of such statute, to the same extent as if it were copied at length herein.

PROVIDED FURTHER, that if any legal action be filed on this bond, venue shall be in McLennan County, Texas.

The Surety is responsible for additional amounts authorized by any change orders.

IN WITNESS WHEREOF, this instrument is executed in _____ counterparts, each one of which shall be deemed an original, this the _____ day of _____, 2018.

ATTEST:

TTG Utilities, LP
(Principal)

(Principal Secretary) By _____ (s)

(SEAL)

(Witness as to Principal)

(Address)

(Address)

ATTEST:

(Surety)

(Witness as to Surety) By _____
(Attorney in Fact)

(Address)

(Address)

NOTE: Date of BOND must not be prior to date of Contract. If CONTRACTOR is Partnership, all partners should execute BOND.

PAYMENT BOND

KNOW ALL MEN BY THESE PRESENTS: that

TTG Utilities, LP

(Name of Contractor or Company)

P. O. Box 299; Gatesville, TX 76528

(Address)

a Partnership, hereinafter called Principal,
(Corporation / Partnership)

and

(Name of Surety Company)

(Address)

hereinafter called Surety, are held and firmly bound unto

Levi Water Supply Corporation

(Name of Recipient)

2757 Rosenthal Parkway; Lorena, Texas 76655

(Recipient's Address)

hereinafter called OWNER, in the penal sum of \$ Nine Hundred Thirty Seven Thousand, Seven Hundred Fifty Four dollars and 50/100---- Dollars (\$ 937,754.50) in lawful money of the United States, for this payment of which sum well and truly to be made, we bind ourselves, successors, and assigns, jointly and severally, firmly by these presents.

THE CONFIDENTIALITY OF THIS OBLIGATION is such that whereas, the Principal entered into a certain contract with the OWNER, dated the _____ day of _____, 2018, a copy of which is hereto attached and made a part hereof for the construction of:

Water System Improvements Phase I

NOW, THEREFORE, if the Principal shall promptly make payment to all persons, firms, SUB-CONTRACTORS, and corporations furnishing materials for or performing labor in the prosecution of the WORK provided for in such contract, and any authorized extension or modification thereof, including all amounts due for materials, lubricants, oil, gasoline, coal and coke, repairs on machinery, equipment and tools, consumed or used in connection with the construction of such WORK, and all insurance premiums on said WORK, and for all labor, performed in such WORK whether by SUB-CONTRACTOR or otherwise, then this obligation shall be void; otherwise to remain in full force and effect.

PROVIDED, FURTHER, that the said Surety, for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to WORK to be performed there under or the SPECIFICATIONS accompanying the same shall in any way affect its obligation on this BOND, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the WORK or to the SPECIFICATIONS.

PROVIDED, FURTHER, that no final settlement between the OWNER and the CONTRACTOR shall abridge the right of any beneficiary hereunder, whose claim may be unsatisfied.

PROVIDED FURTHER that if any legal action be filed on this bond, venue shall be in McLennan County, Texas.

PROVIDED FURTHER, that this bond is executed pursuant to the provisions of Chapter 2253 of the Texas Government Code, as currently amended, and all liabilities on this bond shall be determined in accordance with the provisions of said statute to the same extent as if it were copied at length herein.

The Surety is responsible for additional amounts authorized by any change orders.

IN WITNESS WHEREOF, this instrument is executed in _____ counter-parts, each on of
(Number)
which shall be deemed an original, this the _____ day of _____, 2018.

ATTEST: _____
TTG Utilities, LP
(Principal)

(Principal Secretary) By _____ (s)

(SEAL)

(Witness as to Principal) (Address)

(Address)

ATTEST: _____
(Surety)

(Witness as to Surety) By _____
(Attorney in Fact)

(Address) (Address)

NOTE: Date of BOND must not be prior to date of Contract. If CONTRACTOR is Partnership, all partners should execute BOND.

CERTIFICATE OF INSURANCE

THIS CERTIFICATE IS ISSUED FOR THE DURATION OF THE PROJECT AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES LISTED BELOW.

NAME AND ADDRESS OF AGENCY COMPANIES AFFORDING COVERAGES

COMPANY A

LETTER

COMPANY B

LETTER

NAME AND ADDRESS OF INSURED COMPANY C

LETTER

COMPANY D

LETTER

COMPANY E09180

LETTER

This is to certify that policies of insurance listed below have been issued to the insured named above and are in force at this time. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.

COMPANY LETTER	TYPE OF INSURANCE	POLICY NUMBER	POLICY EXPIRATION DATE	LIMITS OF LIABILITY IN THOUSANDS (000)		
					EACH OCCURRENCE	AGGREGATE
_____	GENERAL LIABILITY _____ Comprehensive Form Premises-Operations _____ Explosions and _____ Collapse Hazard _____ Underground Hazard _____ Products/Completed _____ Operations Hazard _____ Contractual Insurance _____ Broad Form _____ Property Damage _____ Independent Contractors _____ Personal Injury			Bodily Injury	\$	\$
				Property Damage	\$	\$
				Bodily Injury and Property Damage Combined	\$	\$
				Personal Injury		\$

_____ AUTOMOBILE LIABILITY _____ Comprehensive Form _____ Owned _____ Hired _____ Non-Owned				Bodily Injury (Each Person)	\$
				Bodily Injury (Each Accident)	\$
				Property Damage	\$
				Bodily Injury and Property Damage Combined	\$
_____ EXCESS LIABILITY _____ Umbrella Form _____ Other than Umbrella					
_____ WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY				Statutory	
					\$ (Each Account)

OTHER

Builders Risk

Description of Operations/
Locations/Vehicles

PROJECT TITLE: Water System Improvements Phase I

PROJECT LOCATION: McLennan and Falls Counties, Texas

The Levi WSC is named as an additional insured under all insurance, other than Workman's Compensation.

Cancellation: No policies will be cancelled or reduced, restricted, or limited until ten (10) days after the owner has received written notice as evidence by return receipt or registered or certified letter.

NAME AND ADDRESS OF CERTIFICATE HOLDER:

TTG Utilities, LP; P.O. Box 299; Gatesville, Texas 76528

DATE ISSUED: _____, 2018,

AUTHORIZED REPRESENTATIVE

END OF SECTION

Notice of Award

Date: May 14, 2018

Project: **Water System Improvements Phase I**

Owner: **Levi Water Supply Corporation**

Engineer's Project No.: **2017-134-40**

Contract: **Water System Improvements Phase I**

Bidder: **TTG Utilities, LP**

Bidder's Address: **P. O. Box 299**

Gatesville, TX 76528

You are notified that your Bid dated April 23, 2018 for the above Contract has been considered. You are the Successful Bidder and are awarded a Contract for:

Water System Improvements Phase I

The Total Amount of your Contract is Nine Hundred Thirty Seven Thousand, Seven Hundred Fifty Four dollars and 50/100--- Dollars (\$ 937,754.50).

5 copies of the proposed Contract Documents (except Drawings) accompany this Notice of Award.

5 sets of the Drawings will be delivered separately or otherwise made available to you upon acceptance of Contract Documents by the Owner.

You must comply with the following conditions precedent within [15] days of the date you receive this Notice of Award.

1. Deliver to the Engineer [5] fully executed counterparts of the Contract Documents.
2. Deliver with the executed Contract Documents the Contract security [Bonds] as specified in the Instructions to Bidders, General Conditions), and Supplementary Conditions.
3. Other conditions precedent:

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

Within ten days after you comply with the above conditions, Owner will return to you one fully executed counterpart of the Contract Documents.

By: **Jim Sheffield**
General Manager
General Manager

Digitally signed by Jim Sheffield
General Manager
DN: cn=Jim Sheffield General
Manager
Date: 2018.05.21 10:11:11 -05'00'

Notice to Proceed

Date: _____

Contract: _____

Engineer's Project No.: 2017-134-40

To: TTG Utilities, LP
PO Box 299
Gatesville, TX 76528

In accordance with the Agreement dated _____, by and between the
Levi Water Supply Corporation (Owner) and TTG Utilities, LP (Contractor)
for work to be performed in conjunction with the Water System Improvements Phase I.
Construction shall be completed within 180 calendar days of the issuance of this Notice to
Proceed.

1. Contractor is hereby notified to commence work on _____, 2018 and to
complete the work on or before _____, 2018.
2. Liquidated damages to be paid by the Contractor for failure to complete the work by the
completion date will be assessed at the rate of \$ 250.00 per day for each calendar
day after _____, 2018. The procedure and basis for the assessment of
damages will be in accordance with the Special Conditions, Section 21.

ISSUED ON BEHALF OF

Levi Water Supply Corporation

Date

ACCEPTED ON BEHALF OF

TTG Utilities, LP

(Contractor Signature)

Date

GENERAL CONDITIONS

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GENERAL CONDITIONS OF AGREEMENT

1. DEFINITIONS OF TERMS

1.01 ... OWNER, CONTRACTOR AND ENGINEER. The OWNER, the CONTRACTOR and the ENGINEER are those persons or organizations identified as such in the Agreement and are referred to throughout the Contract Documents as if singular in number and masculine in gender. The term ENGINEER means the ENGINEER or his duly authorized representative. The ENGINEER shall be understood to be the ENGINEER of the OWNER, and nothing contained in the Contract Documents shall create any contractual or agency relationship between the ENGINEER and the CONTRACTOR.

1.02 ... CONTRACT DOCUMENTS. The Contract Documents shall consist of the Notice to Contractors (Advertisement), Special Conditions (Instructions to Bidders), Proposal, signed Agreement, Performance and Payment Bonds (when required), Special Bonds (when required), General Conditions of the Agreement, Technical Specifications, Plans, and all modifications thereof incorporated in any of the documents before the execution of the agreement.

The Contract Documents are complementary, and what is called for by any one shall be as binding as if called for by all. In case of conflict between any of the Contract Documents, priority of interpretation shall be in the following order: Signed Agreement, Performance and Payment Bonds, Special Bonds (if any), Proposal, Special Conditions of Agreement, Notice to Contractors, Technical Specifications, Plans, and General Conditions of Agreement.

1.03 ... SUB-CONTRACTOR. The term Sub-Contractor, as employed herein, includes only those having a direct contract with the CONTRACTOR and it includes one who furnishes material worked to a special design according to the plans or specifications of this work, but does not include one who merely furnishes material not so worked.

1.04 ... WRITTEN NOTICE. Written notice shall be deemed to have been duly served if delivered in person to the individual or to a member of the firm or to an officer of the corporation for whom it is intended, or if delivered at or sent by registered mail to the last business address known to him who gives the notice.

1.05 ... WORK. The CONTRACTOR shall provide and pay for all materials, supplies, machinery, equipment, tools, superintendence, labor, services, insurance, and all water, light, power, fuel, transportation and other facilities necessary for the execution and completion of the work covered by the Contract Documents. Unless otherwise specified, all materials shall be new and both workmanship and materials shall be of a good quality. The CONTRACTOR shall, if required, furnish satisfactory evidence as to the kind and quality of materials. Materials or work described in words, which so applied, have a well-known technical or trade meaning shall be held to refer to such recognized standards.

1.06 ... EXTRA WORK. The term "Extra Work" as used in this contract shall be understood to mean and include all work that may be required by the ENGINEER or OWNER to be done by the CONTRACTOR to accomplish any change, alteration or addition to the work shown upon the plans, or reasonably implied by the specifications, and not covered by the CONTRACTOR'S Proposal, except as provided under "Changes and Alterations", herein.

1.07 ... WORKING DAY. A "Working Day" is defined as any day not including Saturdays, Sundays or any legal holidays, in which weather or other conditions, not under the control of the CONTRACTOR, will permit construction of the principal units of the work for a period of not less than seven (7) hours between 7:00 a.m. and 6:00 p.m.

1.08 ... CALENDAR DAY. "Calendar Day" is any day of the week or month, no days being excepted.

1.09 ... SUBSTANTIALLY COMPLETED. By the term "substantially completed" is meant that the structure has been made suitable for use or occupancy or the facility is in condition to serve its intended purpose, but still may require minor miscellaneous work and adjustment.

2. RESPONSIBILITIES OF THE ENGINEER AND THE CONTRACTOR

2.01 ... OWNER - ENGINEER RELATIONSHIP. The ENGINEER will be the OWNER'S representative during construction. The duties, responsibilities and limitations of authority of the ENGINEER as the OWNER'S representative during construction are as set forth in the Contract Documents and shall not be extended or limited without written consent of the OWNER and ENGINEER. The ENGINEER will advise and consult with the OWNER, and all of OWNER'S instructions to the CONTRACTOR shall be issued through the ENGINEER.

2.02 ... PROFESSIONAL INSPECTION BY ENGINEER. The ENGINEER shall make periodic visits to the site to familiarize himself generally with the progress of the executed work and to determine if such work generally meets the essential performance and design features and the technical and functional engineering requirements of the Contract Documents; provided and except, however, that the ENGINEER shall not be responsible for making any detailed, exhaustive, comprehensive or continuous on-site inspection of the quality or quantity of the work or be in any way responsible, directly or indirectly, for the construction means, methods, techniques, sequences, quality, procedures, programs, safety precautions or lack of same incident thereto or in connection therewith. Notwithstanding any other provision of this agreement or any other Contract Document, the ENGINEER shall not be in any way responsible or liable for any acts, errors, omissions or negligence of the CONTRACTOR, any subcontractor or any of the CONTRACTOR'S or subcontractor's agents, servants or employees or any other person, firm or corporation performing or attempting to perform any of the work.

2.03 ... PAYMENTS FOR WORK. The ENGINEER shall review CONTRACTOR'S applications for payment and supporting data, determine the amount owed to the CONTRACTOR and approve, in writing, payment to CONTRACTOR in such amounts; such approval of payment to CONTRACTOR constitutes a representation to the OWNER of ENGINEER'S professional judgment that the work has progressed to the point indicated to the best of his knowledge, information and belief, but such approval of an application for payment to CONTRACTOR shall not be deemed as a representation by ENGINEER that ENGINEER has made any examination to determine how or for what purpose CONTRACTOR has used the moneys paid on account of the Contract price.

2.04 ... INITIAL DETERMINATIONS. The ENGINEER initially shall determine all claims, disputes and other matters in question between the CONTRACTOR and the OWNER

relating to the execution or progress of the work or the interpretation of the Contract Documents and the ENGINEER'S decision shall be rendered in writing within a reasonable time. Should the ENGINEER fail to make such decision within a reasonable time, appeal to arbitration may be taken as if his decision had been rendered against the party appealing.

2.05 ... OBJECTIONS. In the event the ENGINEER renders any decision which, in the opinion of either party hereto, is not in accordance with the meaning and intent of this contract, either party may file with the ENGINEER within thirty days his written objection to the decision, and by such action may reserve the right to submit the question so raised to arbitration as hereinafter provided.

2.06 ... LINES AND GRADES. Unless otherwise specified, all lines and grades shall be furnished by the ENGINEER or his representative. Whenever necessary, construction work shall be suspended to permit performance of this work, but such suspension will be as brief as practicable and the CONTRACTOR shall be allowed no extra compensation therefor. The CONTRACTOR shall give the ENGINEER ample notice of the time and place where lines and grades will be needed. All stakes, marks, etc., shall be carefully preserved by the CONTRACTOR, and in case of careless destruction or removal by him or his employees, such stakes, marks, etc., shall be replaced at the CONTRACTOR'S expense.

2.07 ... CONTRACTOR'S DUTY AND SUPERINTENDENCE. The CONTRACTOR shall give adequate attention to the faithful prosecution and completion of this contract and shall keep on the work, during its progress, a competent superintendent and any necessary assistants. The superintendent shall represent the CONTRACTOR in his absence and all directions given to him shall be as binding as if given to the CONTRACTOR.

The CONTRACTOR is and at all times shall remain an independent contractor, solely responsible for the manner and method of completing his work under this contract, with full power and authority to select the means, method and manner of performing such work, so long as such methods do not adversely affect the completed improvements, the OWNER and ENGINEER being interested only in the result obtained and conformity of such completed improvements to the plans, specifications and contract.

Likewise, the CONTRACTOR shall be solely responsible for the safety of himself, his employees and other persons, as well as for the protection of the safety of the improvements being erected and the property of himself or any other person, as a result of his operations hereunder. Engineering construction drawings and specifications as well as any additional information concerning the work to be performed passing from or through the ENGINEER shall not be interpreted as requiring or allowing CONTRACTOR to deviate from the plans and specifications, the intent of such drawings, specifications and any other such instructions being to define with particularity the agreement of the parties as to the work the CONTRACTOR is to perform. CONTRACTOR shall be fully and completely liable, at his own expense, for design, construction, installation and use, or non-use of all items and methods incident to performance of the contract, and for all loss, damage or injury incident thereto, either to person or property, including, without limitation, the adequacy of all temporary supports, shoring, bracing, scaffolding, machinery or equipment, safety precautions or devices, and similar items or devices used by him during construction.

Any review of work in process, or any visit or observation during construction, or any clarification of plans and specifications, by the ENGINEER, or any agent, employee, or representative of either of them, whether through personal observation on the project site or by

means of approval of shop drawings for temporary construction on construction processes, or by other means or method, is agreed by the CONTRACTOR to be for the purpose of observing the extent and nature of work completed or being performed, as measured against the drawings and specifications constituting the contract, or for the purpose of enabling CONTRACTOR to more fully understand the plans and specifications so that the completed construction work will conform thereto, and shall in no way relieve the CONTRACTOR from full and complete responsibility for the proper performance of his work on the project, including but without limitation the propriety of means and methods of the CONTRACTOR in performing said contract, and the adequacy of any designs, plans or other facilities for accomplishing such performance. Deviation by the CONTRACTOR from plans and specifications that may have been in evidence during any such visitation or observation by the ENGINEER, or any of his representatives, whether called to the CONTRACTOR'S attention or not shall in no way relieve CONTRACTOR from his responsibility to complete all work in accordance with said plans and specifications.

2.08 ... CONTRACTOR'S UNDERSTANDING. It is understood and agreed that the CONTRACTOR has, by careful examination, satisfied himself as to the nature and location of the work, the conformation of the ground, the character, quality and quantity of the materials to be encountered, the character of equipment and facilities needed preliminary to and during the prosecution of the work, the general and local conditions, and all other matters which can in any way affect the work under this contract. No verbal agreement or conversation with any officer, agent or employee of the OWNER or ENGINEER either before or after the execution of this contract, shall affect or modify any of the terms or obligations herein contained.

2.09 ... CHARACTER OF WORKMEN. The CONTRACTOR agrees to employ only orderly and competent men, skillful in the performance of the type of work required under this contract, to do the work; and agrees that whenever the ENGINEER shall inform him in writing that any man or men on the work are, in his opinion, incompetent, unfaithful or disorderly, such man or men shall be discharged from the work and shall not again be employed on the work without the ENGINEER'S written consent.

2.10 ... CONTRACTOR'S BUILDINGS. The building of structures for housing men, or the erection of tents or other forms of protection, will be permitted only at such places as the ENGINEER shall direct, and the sanitary conditions of the grounds in or about such structures shall at all times be maintained in a manner satisfactory to the ENGINEER.

2.11 ... SANITATION. Necessary sanitary conveniences for the use of laborers on the work, properly secluded from public observation, shall be constructed and maintained by the CONTRACTOR in such a manner and at such points as shall be approved by the ENGINEER, and their use shall be strictly enforced.

2.12 ... SHOP DRAWINGS. The CONTRACTOR shall submit to the ENGINEER, with such promptness as to cause no delay in his own work or in that of any other Contractor, four checked copies, unless otherwise specified, of all shop and/or setting drawings and schedules required for the work of the various trades, and the ENGINEER shall pass upon them with reasonable promptness, making desired corrections. The CONTRACTOR shall make any corrections required by the ENGINEER; file with him two corrected copies and furnish such other copies as may be needed. The ENGINEER'S approval of such drawings or schedules shall not relieve the CONTRACTOR from responsibility for deviations from drawings or specifications, unless he has in writing called the ENGINEER'S attention to such deviations at the time of submission, nor shall it relieve him from responsibility for errors of any sort in shop

drawings or schedules. It shall be the CONTRACTOR'S responsibility to fully and completely review all shop drawings to ascertain their effect on his ability to perform the required contract work in accordance with the plans and specifications and within the contract time.

Such review by the ENGINEER shall be for the sole purpose of determining the sufficiency of said drawings or schedules to result in finished improvements in conformity with the plans and specifications, and shall not relieve the CONTRACTOR of his duty as an independent contractor as previously set forth, it being expressly understood and agreed that the ENGINEER does not assume any duty to pass upon the propriety or adequacy of such drawings or schedules, or any means or methods reflected thereby, in relation to the safety of either person or property during CONTRACTOR'S performance hereunder.

2.13 ... PRELIMINARY APPROVAL. The ENGINEER shall not have the power to waive the obligations of this contract for the furnishing by the CONTRACTOR of good material, and of his performing good work as herein described, and in full accordance with the plans and specifications. No failure or omission of the ENGINEER to discover, object to or condemn any defective work or material shall release the CONTRACTOR from the obligations to fully and properly perform the contract, including without limitations, the obligation to at once tear out, remove and properly replace the same at any time prior to final acceptance upon the discovery of said defective work or material; provided, however, that the ENGINEER shall, upon request of the CONTRACTOR, inspect and accept or reject any material furnished, and in event the material has been once accepted by the ENGINEER, such acceptance shall be binding on the OWNER, unless it can be clearly shown that such material furnished does not meet the specifications for this work.

Any questioned work may be ordered taken up or removed for re-examination, by the ENGINEER, prior to final acceptance, and if found not in accordance with the specifications for said work, all expense of removing, re-examination and replacement shall be borne by the CONTRACTOR, otherwise the expense thus incurred shall be allowed as EXTRA WORK, and shall be paid for by the OWNER; provided that, where inspection or approval is specifically required by the specifications prior to performance of certain work, should the CONTRACTOR proceed with such work without requesting prior inspection or approval he shall bear all expense of taking up, removing, and replacing this work if so directed by the ENGINEER.

2.14 ... DEFECTS AND THEIR REMEDIES. It is further agreed that if the work of any part thereof, or any material brought on the site of the work for use in the work or selected for the same, shall be deemed by the ENGINEER as unsuitable or not in conformity with the specifications, the CONTRACTOR shall, after receipt of written notice thereof from the ENGINEER, forthwith remove such material and rebuild or otherwise remedy such work so that it shall be in full accordance with this contract.

2.15 ... CHANGES AND ALTERATIONS. The CONTRACTOR further agrees that the OWNER may make such changes and alterations as the OWNER may see fit, in the line, grade, form, dimensions, plans or materials for the work herein contemplated, or any part thereof, either before or after the beginning of the construction, without affecting the validity of this contract and the accompanying Performance and Payment Bonds.

If such changes or alterations diminish the quantity of the work to be done, they shall not constitute the basis for a claim for damages, or anticipated profits on the work that may be dispensed with, except as provided for unit price items under Section 5 "Measurement and Payment." If the amount of work is increased, and the work can fairly be classified under the

specifications, such increase shall be paid for according to the quantity actually done and at the unit price, if any, established for such work under this contract, except as provided for unit price items under Section 5 "Measurement and Payment;" otherwise, such additional work shall be paid for as provided under Extra Work. In case the OWNER shall make such changes or alterations as shall make useless any work already done or material already furnished or used in said work, then the OWNER shall recompense the CONTRACTOR for any material or labor so used, and for any actual loss occasioned by such change, due to actual expenses incurred in preparation for the work as originally planned.

3. GENERAL OBLIGATIONS AND RESPONSIBILITIES

3.01 ... KEEPING OF PLANS AND SPECIFICATIONS ACCESSIBLE. The ENGINEER shall furnish the CONTRACTOR with an adequate and reasonable number of copies of all plans and specifications without expense to him, and the CONTRACTOR shall keep one copy of the same constantly accessible on the work, with the latest revisions noted thereon.

3.02 ... OWNERSHIP OF DRAWINGS. All drawings, specifications and copies thereof furnished by the ENGINEER shall not be reused on other work, and, with the exception of the signed contract sets, are to be returned to him on request, at the completion of the work. All models are the property of the OWNER.

3.03 ... ADEQUACY OF DESIGN. It is understood that the OWNER believes it has employed competent engineers and designers. It is, therefore, agreed that the OWNER shall be responsible for the adequacy of the design, sufficiency of the Contract Documents, the safety of the structure and the practicability of the operations of the completed project; provided the CONTRACTOR has complied with the requirements of the said Contract Documents, all approved modifications thereof, and additions and alterations thereto approved in writing by the OWNER. The burden of proof of such compliance shall be upon the CONTRACTOR to show that he has complied with the said requirements of the Contract Documents, approved modifications thereof and all approved additions and alterations thereto.

3.04 ... RIGHT OF ENTRY. The OWNER reserves the right to enter the property or location on which the works herein contracted for are to be constructed or installed, by such agent or agents as he may elect, for the purpose of inspecting the work, or for the purpose of constructing or installing such collateral work as said OWNER may desire.

3.05 ... COLLATERAL CONTRACTS. The OWNER agrees to provide by separate contract or otherwise, all labor and material essential to the completion of the work specifically excluded from this contract. in such manner as not to delay the progress of the work, or damage said CONTRACTOR, except where such delays are specifically mentioned elsewhere in the Contract Documents.

3.06 ... DISCREPANCIES AND OMISSIONS. It is further agreed that it is the intent of this contract that all work must be done and all material must be furnished in accordance with the generally accepted practice, and in the event of any discrepancies between the separate contract documents, the priority of interpretation defined under "Contract Documents" shall govern. In the event that there is still any doubt as to the meaning and intent of any portion of

the contract, specifications or drawings, the ENGINEER shall define which is intended to apply to the work.

3.07 ... EQUIPMENT, MATERIALS AND CONSTRUCTION PLANT. The CONTRACTOR shall be responsible for the care, preservation, conservation, and protection of all materials, supplies, machinery, equipment, tools, apparatus, accessories, facilities, all means of construction, and any and all parts of the work, whether the CONTRACTOR has been paid, partially paid, or not paid for such work, until the entire work is completed and accepted.

3.08 ... DAMAGES. In the event the CONTRACTOR is damaged in the course of the completion of the work by the act, neglect, omission, mistake or default of the OWNER, or of the ENGINEER, or of any other CONTRACTOR employed by the OWNER upon the work, thereby causing loss to the CONTRACTOR, the OWNER agrees that he will reimburse the CONTRACTOR for such loss. In the event the OWNER is damaged in the course of the work by the act, negligence, omission, mistake or default of the CONTRACTOR, or should the CONTRACTOR unreasonably delay the progress of the work being done by others on the job so as to cause loss for which the OWNER becomes liable, then the CONTRACTOR shall reimburse the OWNER for such loss.

3.09 ... PROTECTION AGAINST ACCIDENT TO EMPLOYEES AND THE PUBLIC. The CONTRACTOR shall at all times exercise reasonable precautions for the safety of employees and others on or near the work and shall comply with all applicable provisions of Federal, State, and Municipal safety laws and building and construction codes. All machinery and equipment and other physical hazards shall be guarded in accordance with the "Manual of Accident Prevention in Construction" of the Associated General Contractors of America except where incompatible with Federal, State, or Municipal laws or regulations. The CONTRACTOR shall provide such machinery guards, safe walkways, ladders, bridges, gangplanks, and other safety devices. The safety precautions actually taken and their adequacy shall be the sole responsibility of the CONTRACTOR, acting at his discretion as an independent contractor.

3.10 ... PERFORMANCE AND PAYMENT BONDS. Unless otherwise specified, it is further agreed by the parties to this Contract that the CONTRACTOR will execute separate performance and payment bonds, each in the sum of one hundred percent (100%) of the total contract price, in standard forms for this purpose, guaranteeing faithful performance of the work and the fulfillment of any guarantees required, and further guaranteeing payment to all persons supplying labor and materials or furnishing him any equipment in the execution of the Contract, and it is agreed that this contract shall not be in effect until such performance and payment bonds are furnished and approved by the OWNER.

Unless otherwise approved in writing by the OWNER, the surety company underwriting the bonds shall be acceptable according to the latest list of companies holding certificates of authority from the Secretary of the Treasury of the United States.

Unless otherwise specified, the cost of the premium for the performance and payment bonds shall be included in the CONTRACTOR'S proposal.

3.11 ... LOSSES FROM NATURAL CAUSES. Unless otherwise specified, all loss or damage to the CONTRACTOR arising out of the nature of the work to be done, or from the action of the elements, or from any unforeseen circumstance in the prosecution of the same, or from unusual obstructions or difficulties which may be encountered in the prosecution of the work, shall be sustained and borne by the CONTRACTOR at his own cost and expense.

3.12 ... PROTECTION OF ADJOINING PROPERTY. The said CONTRACTOR shall take proper means to protect the adjacent or adjoining property or properties in any way encountered, which might be injured or seriously affected by any process of construction to be undertaken under this Agreement, from any damage or injury by reason of said process of construction; and he shall be liable for any and all claims for such damage on account of his failure to fully protect all adjoining property. The CONTRACTOR agrees to indemnify, save and hold harmless the OWNER and ENGINEER against any claim or claims for damages due to any injury to any adjacent or adjoining property, arising or growing out of the performance of the contract; but any such indemnity shall not apply to any claim of any kind arising out of the existence or character of the work.

3.13 ... PROTECTION AGAINST CLAIMS OF SUB-CONTRACTORS, LABORERS, MATERIALMEN AND FURNISHERS OF MACHINERY, EQUIPMENT AND SUPPLIES. The CONTRACTOR agrees that he will indemnify and save the OWNER and ENGINEER harmless from all claims growing out of the demands of sub-contractors, laborers, workmen, mechanics, materialmen and furnishers of machinery and parts thereof, equipment, power tools, and all supplies, including commissary, incurred in the furtherance of the performance of this contract. When so desired by the OWNER, the CONTRACTOR shall furnish satisfactory evidence that all obligations of the nature hereinabove designated have been paid, discharged or waived. If the CONTRACTOR fails so to do, then the OWNER may at the option of the CONTRACTOR either pay directly any unpaid bills, of which the OWNER has written notice, or withhold from the CONTRACTOR'S unpaid compensation a sum of money deemed reasonably sufficient to liquidate any and all such lawful claims until satisfactory evidence is furnished that all liabilities have been fully discharged, whereupon payments to the CONTRACTOR shall be resumed in full, in accordance with the terms of this contract, but in no event shall the provisions of this sentence be construed to impose any obligation upon the OWNER by either the CONTRACTOR or his Surety.

3.14 ... PROTECTION AGAINST ROYALTIES OR PATENTED INVENTION. The CONTRACTOR shall pay all royalties and license fees, and shall provide for the use of any design, device, material or process covered by letters patent or copyright by suitable legal agreement with the patentee or owner. The CONTRACTOR shall defend all suits or claims for infringement of any patent or copyright rights and shall indemnify and save the OWNER and ENGINEER harmless from any loss on account thereof, except that the OWNER shall defend all such suits and claims and shall be responsible for all such loss when a particular design, device, material or process or the product of a particular manufacturer or manufacturers is specified or required by the OWNER; provided however, if choice of alternate design, device, material or process is allowed to the CONTRACTOR, the CONTRACTOR shall indemnify and save OWNER harmless from any loss on account thereof. If the material or process specified or required by the OWNER is an infringement, the CONTRACTOR shall be responsible for such loss unless he promptly gives such information the OWNER.

3.15 ... LAWS AND ORDINANCES. The CONTRACTOR shall at all times observe and comply with all Federal, State and local laws, ordinances and regulations, which in any manner affect the contract or the work, and shall indemnify and save harmless the OWNER and ENGINEER against any claim arising from the violation of any such laws, ordinances, and regulations whether by the CONTRACTOR or his employees, except where such violations are called for by the provisions of the Contract Documents. If the CONTRACTOR observes that the plans and specifications are at variance therewith, he shall promptly notify the ENGINEER in writing, and any necessary changes shall be adjusted as provided in the contract for changes in the work. If the CONTRACTOR performs any work knowing it to be contrary to such laws,

ordinances, rules and regulations, and without such notice to the ENGINEER, he shall bear all costs arising therefrom. In case the OWNER is a body politic and corporate, the law from which it derives its powers, insofar as the same regulates the objects for which, or the manner in which, or the conditions under which the OWNER may enter into contract, shall be controlling, and shall be considered as part of this contract, to the same effect as though embodied herein.

3.16 ... ASSIGNMENT AND SUBLETTING. The CONTRACTOR further agrees that he will retain personal control and will give his personal attention to the fulfillment of this contract and that he will not assign by Power of Attorney, or otherwise, or sublet said contract without the written consent of the ENGINEER, and that no part or feature of the work will be sublet to anyone objectionable to the ENGINEER or the OWNER. The CONTRACTOR further agrees that the subletting of any portion or feature of the work, or materials required in the performance of this contract, shall not relieve the CONTRACTOR from his full obligations to the OWNER, as provided by this Agreement.

3.17 ... INDEMNIFICATION. The CONTRACTOR shall defend, indemnify and hold harmless the OWNER and the ENGINEER and their respective officers, agents and employees, from and against all damages, claims, losses, demands, suits, judgments and costs, including reasonable attorneys' fees and expenses, arising out of or resulting from the performance of the work, provided that any such damages, claim, loss, demand, suit, judgment, cost or expense:

.....(1) . . . is attributable to bodily injury, sickness, disease or death or to injury to or destruction of tangible property (other than the work itself) including the loss of use resulting therefrom; and

.....(2) . . . is caused in whole or in part by any negligent act or omission of the Contractor, any Subcontractor, anyone directly or indirectly employed by any one of them or anyone for whose acts any of them may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder.

The obligation of the CONTRACTOR under this Paragraph shall not extend to the liability of the ENGINEER, his agents or employees arising out of the preparation or approval of maps, drawings, reports, surveys, Change Orders, designs or specifications, or the giving of or the failure to give directions or instructions by the ENGINEER, his agents or employees, provided such giving or failure to give is the primary cause of the injury or damage.

3.18 ... INSURANCE. The CONTRACTOR at his own expense shall purchase, maintain and keep in force such insurance as will protect him from claims set forth below which may arise out of or result from the CONTRACTOR'S operations under the Contract, whether such operations be by himself or by any Subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

.....(1) . . . Workmen's compensation claims, disability benefits and other similar employee benefit acts;

.....(2) . . . Claims for damages because of bodily injury, occupational sickness or disease, or death of his employees, and claims insured by usual bodily injury liability coverages;

.....(3) . . . Claims for damages because of bodily injury, sickness or disease, or death of any person other than his employees, and claims insured by usual bodily injury liability coverages; and

.....(4) . . . Claims for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom.

3.18.1 ... CERTIFICATE OF INSURANCE. Before commencing any of the work, CONTRACTOR shall file with the OWNER valid Certificates of Insurance acceptable to the OWNER and the ENGINEER. Such Certificates shall contain a provision that coverages afforded under the policies will not be canceled until at least fifteen days' prior written notice has been given to the OWNER.

The CONTRACTOR shall also file with the OWNER valid Certificates of Insurance covering all sub-contractors.

4. PROSECUTION AND PROGRESS

4.01 ... TIME AND ORDER OF COMPLETION. It is the meaning and intent of this contract, unless otherwise herein specifically provided, that the CONTRACTOR shall be allowed to prosecute his work at such times and seasons, in such order of precedence, and in such manner as shall be most conducive to economy of construction; provided, however, that the order and the time of prosecution shall be such that the work shall be substantially completed as a whole and in part, in accordance with this contract, the plans and specifications, and within the time of completion designated in the Proposal; provided, also, that when the OWNER is having other work done, either by contract or by his own force, the ENGINEER may direct the time and manner of constructing the work done under this contract, so that conflict will be avoided and the construction of the various works being done for the OWNER shall be harmonized.

The CONTRACTOR shall submit, at such times as may reasonably be requested by the ENGINEER schedules which shall show the order in which the CONTRACTOR proposes to carry on the work, with dates at which the CONTRACTOR will start the several parts of the work, and estimated dates of completion of the several parts.

4.02 ... EXTENSION OF TIME. Should the CONTRACTOR be delayed in the completion of the work by any act or neglect of the OWNER or ENGINEER, or of any employee of either, or by other contractors employed by the OWNER, or by changes ordered in the work, or by strikes, lockouts, fires, and unusual delays by common carriers, or unavoidable cause or causes beyond the CONTRACTOR'S control, or by any cause which the ENGINEER shall decide justifies the delay, then an extension of time shall be allowed for completing the work, sufficient to compensate for the delay, the amount of the extension to be determined by the ENGINEER, provided, however, that the CONTRACTOR shall give the ENGINEER prompt notice in writing of the cause of such delay.

4.03 ... HINDRANCES AND DELAYS. No claims shall be made by the CONTRACTOR for damages resulting from hindrances or delays from any cause (except where the work is stopped by order of the OWNER) during the progress of any portion of the work embraced in this contract. In case said work shall be stopped by the act of the OWNER, then

such expense as in the judgment of the ENGINEER is caused by such stoppage of said work shall be paid by the OWNER to the CONTRACTOR.

5. MEASUREMENT AND PAYMENT

5.01 ... QUANTITIES AND MEASUREMENTS. No extra or customary measurements of any kind will be allowed, but the actual measured and/or computed length, area, solid contents, number and weight only shall be considered, unless specifically provided.

5.02 ... ESTIMATED QUANTITIES. This agreement, including the specifications, plans and estimate, is intended to show clearly all work to be done and material to be furnished hereunder. Where the estimated quantities are shown for the various classes of work to be done and material to be furnished under this contract, they are approximate and are to be used only as a basis for estimating the probable cost of the work and for comparing the proposals offered for the work. It is understood and agreed that the actual amount of work to be done and material to be furnished under this contract may differ somewhat from these estimates, and that where the basis for payment under this contract is the unit price method, payment shall be for the actual amount of such work done and the material furnished.

Where payment is based on the unit price method, the CONTRACTOR agrees that he will make no claim for damages, anticipated profits or otherwise on account of any differences which may be found between the quantities of work actually done, the material actually furnished under this contract and the estimated quantities contemplated and contained in the proposal; provided, however, that in case the actual quantity of any major item should become as much as twenty percent (20%) more than, or twenty percent (20%) less than the estimated or contemplated quantity for such items, then either party to this Agreement, upon demand, shall be entitled to a revised consideration upon the portion of the work above or below twenty percent (20%) of the estimated quantity.

A "Major Item" shall be construed to be any individual bid item incurred in the proposal that has a total cost equal to or greater than five percent (5%) of the total contract cost, computed on the basis of the proposal quantities and the contract unit prices.

Any revised consideration is to be determined by agreement between the parties, otherwise by the terms of this Agreement, as provided under "Extra Work."

5.03 ... PRICE OF WORK. In consideration of the furnishing of all the necessary labor, equipment and material, and the completion of all work by the CONTRACTOR, and on the completion of all work and of the delivery of all material embraced in this Contract in full conformity with the specifications and stipulations herein contained, the OWNER agrees to pay the CONTRACTOR the prices set forth in the Proposal hereto attached, which has been made a part of this contract. The CONTRACTOR hereby agrees to receive such prices in full for furnishing all material and all labor required for the aforesaid work, also for all expense incurred by him, and for well and truly performing the same and the whole thereof in the manner and according to this Agreement.

5.04 ... PARTIAL PAYMENTS. On or before the 10th day of each month, the CONTRACTOR shall prepare and submit to the ENGINEER for approval or modification a statement showing as completely as practicable the total value of the work done by the

CONTRACTOR up to and including the last day of the preceding month; said statement shall also include the value of all sound materials delivered on the site of the work that are to be fabricated into the work.

The OWNER shall then pay the CONTRACTOR on or before the 25th day of the current month the total amount of the approved statement, less ten percent (10%) of the amount thereof, which ten percent (10%) shall be retained until final payment, and further less all previous payments and all further sums that may be retained by the OWNER under the terms of this Agreement. It is understood, however, that in case the whole work be near to completion and some unexpected and unusual delay occurs due to no fault or neglect on the part of the CONTRACTOR, the OWNER may -- upon recommendation of the ENGINEER -- pay a reasonable and equitable portion of the retained percentage to the CONTRACTOR, or the CONTRACTOR at the OWNER'S option, may be relieved of the obligation to fully complete the work and, thereupon, the CONTRACTOR shall receive payment of the balance due him under the contract subject only to the conditions stated under "Final Payment".

5.05 ... USE OF COMPLETED PORTIONS. The OWNER shall have the right to take possession of and use any completed or partially completed portions of the work, notwithstanding the time for completing the entire work or such portions may not have expired but such taking possession and use shall not be deemed an acceptance of any work not completed in accordance with the Contract Documents. If such prior use increases the cost of or delays the work, the CONTRACTOR shall be entitled to such extra compensation, or extension of time, or both, as the ENGINEER may determine.

The CONTRACTOR shall notify the ENGINEER when, in the CONTRACTOR'S opinion, the contract is "substantially completed" and when so notifying the ENGINEER, the CONTRACTOR shall furnish to the ENGINEER in writing a detailed list of unfinished work. The ENGINEER will review the CONTRACTOR'S list of unfinished work and will add thereto such items as the CONTRACTOR has failed to include. The "substantial completion" of the structure or facility shall not excuse the CONTRACTOR from performing all of the work undertaken, whether of a minor or major nature, and thereby completing the structure or facility in accordance with the Contract Documents.

5.06 ... FINAL COMPLETION AND ACCEPTANCE. Within ten (10) days after the CONTRACTOR has given the ENGINEER written notice that the work has been completed, or substantially completed, the ENGINEER and the OWNER shall inspect the work and within said time, if the work be found to be completed or substantially completed in accordance with the Contract Documents, the ENGINEER shall issue to the OWNER and the CONTRACTOR his Certificate of Completion, and thereupon it shall be the duty of the OWNER within ten (10) days to issue a Certificate of Acceptance of the work to the CONTRACTOR or to advise the CONTRACTOR in writing of the reason for non-acceptance.

5.07 ... FINAL PAYMENT. Upon the issuance of the Certificate of Completion, the ENGINEER shall proceed to make final measurements and prepare final statement of the value of all work performed and materials furnished under the terms of the Agreement and shall certify same to the OWNER, who shall pay to the CONTRACTOR on or after the 30th day, and before the 35th day, after the date of the Certificate of Completion, the balance due the CONTRACTOR under the terms of this Agreement, provided he has fully performed his contractual obligations under the terms of this contract; and said payment shall become due in any event upon said performance by the CONTRACTOR. Neither the Certificate of Acceptance nor the final

payment, nor any provision in the Contract Documents, shall relieve the CONTRACTOR of the obligation for fulfillment of any warranty which may be required.

5.08 ... PAYMENTS WITHHELD. The OWNER may, on account of subsequently discovered evidence, withhold or nullify the whole or part of any certificate to such extent as may be necessary to protect himself from loss on account of:

-(a).....Defective work not remedied
-(b).....Claims filed or reasonable evidence indicating probable filing of claims.
-(c).....Failure of the CONTRACTOR to make payments properly to subcontractors or for material or labor.
-(d).....Damage to another contractor.
-(e).....Reasonable doubt that the work can be completed for the unpaid balance of the contract amount.
-(f).....Reasonable indication that the work will not be completed within the contract time.

When the above grounds are removed or the CONTRACTOR provides a Surety Bond satisfactory to the OWNER, which will protect the OWNER in the amount withheld, payment shall be made for amounts withheld because of them.

5.09 ... DELAYED PAYMENTS. Should the OWNER fail to make payment to the CONTRACTOR of the sum named in any partial or final statement, when payment is due, then the OWNER shall pay to the CONTRACTOR, in addition to the sum shown as due by such statement, interest thereon at the rate of six percent (6%) per annum, unless otherwise specified, from date due as provided under "Partial Payments" and "Final Payments", until fully paid, which shall fully liquidate any injury to the CONTRACTOR growing out of such delay in payment, but the right is expressly reversed to the CONTRACTOR in the event payments be not promptly made, as provided under "Partial Payments", to at any time thereafter treat the contract as abandoned by the OWNER and recover compensation, as provided under "Abandonment of Contract", unless such payments are withheld in accordance with the provisions of "Payments Withheld".

6. EXTRA WORK AND CLAIMS

6.01 ... CHANGE ORDERS. Without invalidating this Agreement, the OWNER may, at any time or from time to time, order additions, deletions or revisions to the work; such changes will be authorized by Change Order to be prepared by the ENGINEER for execution by the OWNER and the CONTRACTOR. The Change Order shall set forth the basis for any change in contract price, as hereinafter set forth for Extra Work, and any change in contract time which may result from the change.

In the event the CONTRACTOR shall refuse to execute a Change Order which has been prepared by the ENGINEER and executed by the OWNER, the ENGINEER may in writing instruct the CONTRACTOR to proceed with the work as set forth in the Change Order and the CONTRACTOR may make claim against the OWNER for Extra Work involved therein, as hereinafter provided.

6.02 ... MINOR CHANGES. The ENGINEER may authorize minor changes in the work not inconsistent with the overall intent of the Contract Documents and not involving an increase in Contract Price. If the CONTRACTOR believes that any minor change or alteration authorized by the ENGINEER involves Extra Work and entitles him to an increase in the Contract Price, the CONTRACTOR shall make written request to the ENGINEER for a written Field Order.

In such case, the CONTRACTOR by copy of his communication to the ENGINEER or otherwise in writing shall advise the OWNER of his request to the ENGINEER for a written Field Order and that the work involved may result in an increase in the Contract Price.

Any request by the CONTRACTOR for a change in Contract Price shall be made prior to beginning the work covered by the proposed change.

6.03 ... EXTRA WORK. It is agreed that the basis of compensation to the CONTRACTOR for work either added or deleted by a Change Order for which a claim for Extra Work is made shall be determined by one or more of the following methods:

-Method (A) - ... By agreed unit prices; or
-Method (B) - ... By agreed lump sum; or
-Method (C) - ...If neither Method (A) nor Method (B) be agreed upon before the Extra work is commenced, then the CONTRACTOR shall be paid the "actual field cost" of the work, plus fifteen percent (15%).

In the event said Extra Work be performed and paid for under Method (C), then the provisions of this paragraph shall apply, and the "actual field cost" is hereby defined to include the cost to the CONTRACTOR of all workmen, such as foreman, timekeepers, mechanics and laborers, and materials, supplies, teams, trucks, rentals on machinery and equipment, for the time actually employed or used on such Extra Work, plus actual transportation charges necessarily incurred, together with all power, fuel, lubricants, water and similar operating expenses, also all necessary incidental expenses incurred directly on account of such Extra Work, including Social Security, Old Age Benefits and other payroll taxes, and a rateable proportion of premiums on Performance and Payment Bonds and Maintenance Bonds, Public Liability and Property Damage and Workmen's Compensation and all other insurance as may be required by any law or ordinance or directed by the OWNER or by them agreed to. The ENGINEER may direct the form in which accounts of the "actual field cost" shall be kept and the records of these accounts shall be made available to the ENGINEER. The ENGINEER or OWNER may also specify in writing, before the work commences, the method of doing the work and the type and kind of machinery and equipment to be used; otherwise these matters shall be determined by the CONTRACTOR. Unless otherwise agreed upon, the prices for the use of machinery and equipment shall be determined by using one hundred percent (100%), unless otherwise specified, of the latest schedule of Equipment Ownership Expense adopted by the Associated General Contractors of America. Where practicable the terms and prices for the use of machinery and equipment shall be incorporated in the Written Extra Work Order. The fifteen percent (15%) of the "actual field cost" to be paid the CONTRACTOR shall cover and compensate him for his profit, overhead, general superintendence and field office expense, and all other elements of cost and expense not embraced within the "actual field cost" as herein defined, save that where the CONTRACTOR'S Camp or Field Office must be maintained primarily on account of such Extra Work; then the cost to maintain and operate the same shall be included in the "actual field cost".

No claim for Extra Work of any kind will be allowed unless ordered in writing by the ENGINEER. In case any orders or instructions, either oral or written, appear to the CONTRACTOR to involve Extra Work for which he should receive compensation or an adjustment in the construction time, he shall make written request to the ENGINEER for written order authorizing such Extra Work. Should a difference of opinion arise as to what does or does not constitute Extra Work, or as to the payment therefor, and the ENGINEER insists upon its performance, the CONTRACTOR shall proceed with the work after making written request for written order and shall keep an accurate account of the "actual field cost" thereof, as provided under Method (C). The CONTRACTOR will thereby preserve the right to submit the matter of payment to arbitration, as herein below provided.

6.04 ... TIME OF FILING CLAIMS. It is further agreed by both parties hereto that all questions of dispute or adjustment presented by the CONTRACTOR shall be in writing and filed with the ENGINEER within thirty (30) days after the ENGINEER has given any directions, order or instruction to which the CONTRACTOR desires to take exception. The ENGINEER shall reply within thirty (30) days to such written exceptions by the CONTRACTOR and render his final decision in writing. In case the CONTRACTOR should appeal from the ENGINEER'S decision, any demand for arbitration shall be filed with the ENGINEER and the OWNER in writing within ten (10) days after the date of delivery to CONTRACTOR of the ENGINEER'S final decision. It is further agreed that final acceptance of the work by the OWNER and the acceptance by the CONTRACTOR of the final payment shall be a bar to any claims by either party, except where noted otherwise in the Contract Documents.

6.05 ... ARBITRATION. All questions of dispute under this Agreement shall be submitted to arbitration at the request of either party to the dispute. The parties may agree upon one arbiter, otherwise, there shall be three, one named in writing by each party, and the third chosen by the two arbiters so selected; or if the arbiters fail to select a third within ten (10) days, he shall be chosen by a District Judge serving the County in which the major portion of the project is located, unless otherwise specified. Should the party demanding arbitration fail to name an arbiter within ten (10) days of the demand, his right to arbitrate shall lapse, and the decision of the ENGINEER shall be final and binding on him. Should the other party fail to choose an arbiter within ten (10) days, the ENGINEER shall appoint such arbiter. Should either party refuse or neglect to supply the arbiters with any papers or information demanded in writing, the arbiters are empowered by both parties to take ex parte proceedings.

The arbiters shall act with promptness. The decision of any two shall be binding on both parties to the contract. The decision of the arbiters upon any question submitted to arbitration under this contract shall be a condition precedent to any right of legal action. The decision of the arbiter or arbiters may be filed in court to carry it into effect.

The arbiters, if they deem the case demands it, are authorized to award the party whose contention is sustained, such sums as they deem proper for the time, expense and trouble incident to the appeal, and if the appeal was taken without reasonable cause, they may award damages for any delay occasioned thereby. The arbiters shall fix their own compensation, unless otherwise provided by agreement, and shall assess the cost and charges of the arbitration upon either or both parties. The award of the arbiters must be made in writing.

7. ABANDONMENT OF CONTRACT

7.01 ... ABANDONMENT BY CONTRACTOR. In case the CONTRACTOR should abandon and fail or refuse to resume work within ten (10) days after written notification from the OWNER, or the ENGINEER, or if the CONTRACTOR fails to comply with the orders of the ENGINEER, when such orders are consistent with the Contract Documents, then, and in that case, where performance and payment bonds exist, the Sureties on these bonds shall be notified in writing and directed to complete the work, and a copy of said notice shall be delivered to the CONTRACTOR.

After receiving said notice of abandonment, the CONTRACTOR shall not remove from the work any machinery, equipment, tools, materials or supplies then on the job; but the same, together with any materials and equipment under contract for the work, may be held for use on the work by the OWNER or Surety on the performance bond, or another contractor in completion of the work; and the CONTRACTOR shall not receive any rental or credit therefor (except when used in Work and Claims), it being understood that the use of such equipment and materials will ultimately reduce the cost to complete the work and be reflected in the final settlement.

Where there is no performance bond provided or if the Surety should fail to commence compliance with the notice for completion herein before provided for, within ten (10) days after service of such notice, then the OWNER may provide for completion of the work in either of the following elective manners:

7.01.1 The OWNER may thereupon employ such force of men and use such machinery, equipment, tools, materials and supplies as said OWNER may deem necessary to complete the work and charge the expense of such labor, machinery, equipment, tools, materials and supplies to said CONTRACTOR, and expense so charged shall be deducted and paid by the OWNER out of such moneys as may be due, or that may thereafter at any time become due to the CONTRACTOR under and by virtue of this Agreement. In case such expense is less than the sum which would have been payable under this contract, if the same had been completed by the CONTRACTOR, then said CONTRACTOR shall receive the difference. In case such expense is greater than the sum which would have been payable under this contract, if the same had been completed by said CONTRACTOR, then the CONTRACTOR and/or his Surety shall pay the amount of such excess to the OWNER: or

7.01.2 The OWNER under sealed bids, after five (5) days' notice published one or more times in a newspaper having general circulation in the county of the location of the work, may let the contract for the completion of the work under substantially the same terms and conditions which are provided in this contract. In case any increase in cost to the OWNER under the new contract as compared to what would have been the cost under this contract, such increase shall be charged to the CONTRACTOR and Surety shall be and remain bound therefor. However, should the cost to complete any such contract prove to be less than what would have been the cost to complete under this contract, the CONTRACTOR and/or his Surety shall be credited therewith.

When the work shall have been substantially completed the CONTRACTOR and his Surety shall be so notified and Certificates of Completion and Acceptance, as provided in Paragraph 5.06 hereinabove, shall be issued. A complete itemized statement of the contract accounts, certified to by the ENGINEER as being correct, shall then be prepared and delivered to

the CONTRACTOR and his Surety, whereupon the CONTRACTOR and/or his Surety, or the OWNER as the case may be, shall pay the balance due as reflected by said statement, within thirty (30) days after the date of such completion.

In the event the statement of accounts shows that the cost to complete the work is less than that which would have been the cost to the OWNER had the work been completed by the CONTRACTOR under the terms of this contract; or when the CONTRACTOR and/or his Surety shall pay the balance shown to be due by them to the OWNER, then all machinery, equipment, tools, materials or supplies left on the site of the work shall be turned over to the CONTRACTOR and/or his Surety. Should the cost to complete the work exceed the contract price, and the CONTRACTOR and/or his Surety fail to pay the amount due the OWNER within the time designated hereinabove, and there remains any machinery, equipment, tools materials or supplies on the site of the work, notice thereof, together with an itemized list of such equipment and materials shall be mailed to the CONTRACTOR and his Surety at the respective addresses designated in this contract, provided, however, that actual written notice given in any manner will satisfy this condition. After mailing, or other giving of such notice, such property shall be held at the risk of the CONTRACTOR and his Surety subject only to the duty of the OWNER to exercise ordinary care to protect such property. After fifteen (15) days from the date of said notice, the OWNER may sell such machinery, equipment, tools, materials or supplies and apply the net sum derived from such sale to the credit of the CONTRACTOR and his Surety. Such sale may be made at either public or private sale, with or without notice, as the OWNER may elect. The OWNER shall release any machinery, equipment, tools, materials, or supplies, which remain on the work, and belong to persons other than the CONTRACTOR or his Surety, to their proper owners. The books on all operations provided herein shall be open to the CONTRACTOR and his Surety.

7.02 ... ABANDONMENT BY OWNER. In case the OWNER shall fail to comply with the terms of this contract, and should fail or refuse to comply with said terms within ten (10) days after written notification by the CONTRACTOR, then the CONTRACTOR may suspend or wholly abandon the work, and may remove therefrom all machinery, tools and equipment, and all materials on the site of work that have not been included in payments to the CONTRACTOR and have not been wrought into the work. And thereupon the ENGINEER shall make an estimate of the total amount earned by the CONTRACTOR, which estimate shall include the value of all work actually completed by said CONTRACTOR (at the prices stated in the attached proposal where unit prices are used), the value of all partially completed work at a fair and equitable price, and the amount of all Extra Work performed at the prices agreed upon, or provided for by the terms of this contract, and a reasonable sum to cover the cost of any provisions made by the CONTRACTOR to carry the whole work to completion and which cannot be utilized. The ENGINEER shall then make a final statement of the balance due the CONTRACTOR by deducting from the above estimate all previous payments by the OWNER and all other sums that may be retained by the OWNER under the terms of this Agreement and shall certify same to the OWNER who shall pay to the CONTRACTOR on or before thirty (30) days after the date of the notification by the CONTRACTOR the balance shown by said final statement as due the CONTRACTOR, under the terms of this Agreement.

SPECIAL CONDITIONS

LEVI WATER SUPPLY CORPORATION, TEXAS

Water System Improvements Phase I

SPECIAL CONDITIONS

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LEVI WATER SUPPLY CORPORATION
WATER SYSTEM IMPROVEMENTS PHASE I
SPECIAL CONDITIONS

SC.01 **GENERAL**

The provisions of this section of the specifications shall govern in the event of any conflict between them and the "General Conditions of Agreement."

SC.02 **DEFINITIONS**

Agreement. "Agreement" shall mean the contract document as herein set forth.

Calendar Day. "Calendar Day" shall mean any day of the week or month, no days being excepted.

Extra Work. "Extra Work" shall mean and include all work that may be required by the Owner to be done by the Contractor to accomplish any change, alteration, or addition to the work shown on the plans or reasonably implied by the specifications, and not covered by the Contractor's proposal.

Parties. The parties to this agreement are the Owner and the Contractor.

Project. "Project" shall mean the work embraced by this agreement, including the Plans and Specifications, General and Special Conditions, Performance and Payment Bonds attached hereto; generally described as follows:

WATER SYSTEM IMPROVEMENTS PHASE I

which shall be built, constructed and installed in compliance with the Contract Documents and the Plans and Specifications prepared by the Engineer.

Subcontractor. "Subcontractor" shall mean only those having a direct contract with the Contractor for performance of work on the project contemplated by these contract documents.

Substantially Completed. "Substantially Completed" shall mean that the project contemplated by the contract documents has been made suitable for use or occupancy, or the facility is in a condition to serve its intended purpose; but still may require minor miscellaneous work and adjustment, provided, however, that final payment of the contract price including retainage, shall not be made until completion of all punch list items and upon acceptance by the Owner. Acceptance by the Owner shall not impair any warranty obligation of the Contractor.

Work. "Work" or "Scope or Work" shall mean Phase I Water Improvements within the Levi Water Supply Corporation's Pump Stations as more fully described in the Scope of Work contained in SC.06.

SC.03 **ENGINEER**

The word "Engineer" in these specifications shall be understood as referring to Kasberg, Patrick & Associates, LP, Consulting Engineers; One South Main; Temple, Texas 76501, Engineer of the Owner, or such other representatives as may be authorized by said Owner to act in any particular position.

SC.04 LOCATION OF PROJECT

The project is located in southern McLennan and northern Falls Counties. A location map is provided in the plans.

SC.05 EXAMINATION OF SITE OF PROJECT

Prospective bidders shall make a careful and thorough examination of the site of the project, including all soil and water conditions to be encountered, improvements to be protected, disposal sites for surplus materials, arrangements necessary for providing ingress and egress to private properties and methods of handling traffic during prosecution of all the work involved.

SC.06 SCOPE OF WORK

The work to be performed under this contract consists of furnishing all materials, labor, supervision, tools, equipment, testing and incidentals required, and performing all work necessary for the installation of water lines, fittings, gate valves, and steel encasement.

SC.07 FORMS, PLANS AND SPECIFICATIONS

Plans, specifications and bidding documents will be provided electronically by pdf. Hard copies may be obtained at the office of Kasberg, Patrick & Associates, LP; One South Main Street; Temple, TX 76501 for a non-refundable cost of \$50.00 per set, checks made payable to Kasberg, Patrick & Associates, LP.

SC.08 COPIES OF PLANS AND SPECIFICATIONS FURNISHED

Five (5) sets of plans and specifications shall be furnished to the successful Contractor, at no charge, for construction purposes. Additional copies may be obtained at the cost of reproduction upon request.

SC.09 PRE-BID CONFERENCE

Prior to receiving bids on this project, the Owner will conduct a **Non-MANDATORY** prebid conference with all prospective bidders and other interested parties. The prebid conference will be held at 2757 Rosenthal Parkway; Lorena, Texas 76655 at 3:00 PM on Thursday, April 12, 2018.

SC.10 ADDENDA

Bidders desiring further information or interpretation of the plans and specifications must make request for such information to the Engineer as outlined in this Section and in the Instructions to Bidders for Construction. Answers to all such requests will be given in writing to all Plan Holders (persons who have made deposit for received plans and specifications) in addendum form and all addenda will be bound with and made a part of the contract documents. No other explanation or interpretation will be considered official or binding.

All addenda will be issued via e-mail to the e-mail address included in the "Plan Holders List".

In order that all plan holders will have equal access to information on this project, all requests to the Engineer for information or interpretation of the plans and specifications must be received before **noon on Wednesday, April 18, 2018**. If there is a need to clarify any requests at that time, the Engineer will issue a written addendum. After **noon on Wednesday, April 18, 2018**, the Engineer and Owner will not attempt to further clarify any written or oral requests.

SC.11

PREPARATION OF PROPOSAL

The Bidder shall submit his proposal on the forms furnished. All blank spaces in the form shall be correctly filled in and the bidder shall state the price, both in words and numerals, for which he proposes to do the work contemplated or furnish the materials required. Such prices shall be written in ink, distinctly and legibly, or typewritten. In cases of discrepancy between the price written in words and the price written in figures, the price written in words shall govern. If the proposal is submitted by an individual, his name must be signed by him or his duly authorized agent. If a proposal is submitted by a firm, association, or partnership, the name and address of each member must be given and the proposal signed by a member of the firm, association or partnership, or person duly authorized. If the proposal is submitted by a company or corporation, the company or corporate name and business address must be given, and the proposal signed by an official or duly authorized agent. Powers of attorney authorizing agents or others to sign proposal must be properly certified and must be in writing and submitted with the proposal. The proposal shall be executed in ink.

Each proposal shall be enclosed in a sealed envelope, addressed as specified in the Notice to Contractors, and endorsed on the outside of the envelope in the following manner:

- a. Bidder's name.
- b. Proposal for "Water System Improvements Phase I"

Bid proposal may be withdrawn and resubmitted at any time prior to the time set for opening of the bids, but no proposal may be withdrawn or altered after the opening of the bids.

SC.12

ALTERNATE BIDS

Add alternate bids are included in the Bid Schedule. The Owner reserves the right to award the project based on any combination of Base Bid and Add Alternates.

SC.13 QUALIFICATION OF LOW BIDDER

Prior to award of contract, the bidder shall submit such evidence as the Owner may require to establish the bidder's qualifications to satisfactorily perform the work included in this project. Information that may be required shall include (1) the bidder's current financial statement including amount of funds readily available to commence and carry out the work, (2) a list of equipment available for this project, (3) a list of projects that of the same general type as included in this contract, together with the names, addresses and phone numbers of persons familiar with this work, and (4) other information that may be pertinent to the bidder's qualifications.

Should the bidder fail to promptly produce evidence satisfactory to the Owner on any of the foregoing points, he may be disqualified and the work awarded to the next bidder so qualifying.

SC.14 AWARD OF CONTRACT

It is the intention of the Owner to award a contract on the basis of the lowest acceptable bid submitted by a qualified bidder as determined by the Owner. The right is reserved, as the interest of the Owner may require, to reject any and all bids and to waive any informality in bids received.

The Levi Water Supply Corporation will notify the successful bidder, in writing, within sixty (60) days of the date of receiving bids, of its acceptance of his proposal. The Contractor shall complete the execution of the required Bond and Contract within ten (10) days of such notice.

SC.15 SEQUENCE OF CONSTRUCTION

The time allotted for completion of this project is described under Section SC.16 of these Special Conditions.

Prior to beginning construction on this project, the Contractor shall prepare a written construction sequence and schedule for review by the Engineer and approval by the Owner. This construction sequence and schedule shall be followed by the Contractor unless changes are approved by the Owner.

Contractor shall take into account the necessary TCEQ and operational requirements included in the plan sheets and specifications when preparing their schedule.

No partial payment estimates will be issued until the Sequence and Schedule of Construction has been approved.

SC.16 TIME ALLOTTED FOR COMPLETION AND NOTICE TO PROCEED

The construction of the project shall be fully completed in **180 calendar days**. The Notice to Proceed shall consist of a written request by the Engineer for the Contractor to proceed with the construction of the project.

SC.17 PRECONSTRUCTION CONFERENCE

After award of bid and prior to beginning construction, a conference will be held with representatives of the Contractor, Owner, Engineer, and the affected Utility Companies to discuss schedules and utility conflicts in the project. The purpose is to establish lines of communication between the parties involved. The time and place for the Preconstruction Conference shall be determined at the time of Bid Award.

SC.18 CONSTRUCTION IN PUBLIC ROADS AND PRIVATE DRIVES

No public or private road shall be entirely closed overnight. It shall be the responsibility of the Contractor to build and maintain all weather bypasses and detours, if necessary, and to properly light, barricade, and mark all bypasses and detours that might be required on and across the roads involved in the work included in this contract.

The Contractor shall be responsible for repair and maintenance of all roadways damaged as a result of the construction of this project for a period of one year after completion or acceptance of the work. Within this period of one year time, if it becomes necessary for the Owner to make such repairs, the Contractor shall reimburse the Owner for the cost of such repairs.

SC.19 REFERENCE SPECIFICATIONS

Where reference is made in these specifications to specifications compiled by others, such reference is made for expediency and standardization from the material supplier's point of view, and such specifications referred to are hereby made a part of these specifications.

SC.20 EXTENSION OF TIME

Contractor agrees he has submitted his proposal in full recognition of the time required for the completion of this project, taking into consideration the average climatic range and material manufacturing conditions prevailing in this locality, and has considered the liquidated damage provision herein, and that he shall not be entitled to, nor will he request, an extension of time on this contract, except when his work has been delayed by an act or neglect of the Owner, employees or representatives of the Owner, or other contractors employed by the Owner, or by changes ordered in the work, or reductions thereto in writing. The Contractor may apply in writing for an extension of time, submitting therewith all written justification as may be required by the Engineer for such and extension as requested by Contractor. The Engineer, within ten (10) days after receipt of a written request for an extension of time by the Contractor, which is supported by all requested documentation, shall decide if an extension of time shall be allowed.

SC.21

LIQUIDATED DAMAGES FOR DELAY BY CONTRACTOR

The Contractor agrees that time is of the essence on this contract and that the Owner will be damaged as a result of any delay beyond the date agreed upon in the completion of all items of work herein specified and contracted for. The parties understand and agree that the actual damages will be sustained by the Owner because of such delay will be uncertain and difficult of ascertainment and it is further agreed that a reasonable estimate of the actual amount of such damages in light of the facts known to the parties at the time of execution of this contract will be two hundred and fifty dollars (\$ 250.00) per day. It is therefore agreed that the Owner may withhold permanently from the Contractor's total compensation, the total sum of \$ 250.00 per day as liquidated damages for delay for each day of delaying completion beyond the date agreed upon for completion of the items of work herein specified and contracted for (after due allowance for such extension of time as is provided for in the General Conditions of Agreement and in Paragraph SC.20).

SC.22

DAMAGES

Article 3.08 of the General Conditions of Agreement is hereby voided and replaced with the following:

In the event the Contractor is damaged in the course of the completion of the work by the neglect, or default of the Owner, or representative of the Owner, or of any other Contractor employed by the Owner upon the work, thereby causing loss to the Contractor, the Owner agrees that he will reimburse the Contractor for such loss. In the event the Owner is damaged in the course of the work by the act, negligence, omission, mistake or default of the Contractor, or should the Contractor unreasonably delay the progress of the work being done by others on the job so as to cause loss for which the Owner becomes liable, then the Contractor shall reimburse the Owner for such loss.

SC.23

OBJECTIONS AND TIME OF FILING CLAIMS

In Paragraph 6.04 of the General Conditions, add the following after the first sentence:

“Failure to file such an objection during such period shall constitute waiver thereof and consent to the decision rendered by the Engineer.”

Also, delete the third sentence, which deals with arbitration.

Also, in Paragraph 2.05 of the General Conditions, delete the last clause dealing with arbitration and insert:

“Failure to file such an objection during such period shall constitute waiver thereof and consent to the decision rendered by the Engineer.”

SC.24

MEDIATION

Article 6.05 of the General Conditions of Agreement is hereby voided and replaced with the following:

In an effort to resolve any conflicts that arise during the construction of the Project or following the completion of the Project, the Owner and the Contractor agree that all disputes between them arising out of or relating to this Agreement or the Project shall be submitted to nonbinding mediation unless the parties mutually agree otherwise.

The Owner and Contractor further agree to include a similar mediation provision in all agreements with their subcontractors, subconsultants, suppliers and fabricators, thereby providing for mediation as the primary method for dispute resolution between the parties to all those agreements.

SC.25

FEES AND ROYALTIES

All fees or royalties for any patented invention, process, article, or arrangement in any manner connected with the work, or with these specifications, shall be included in the price stated in the proposal.

SC.26

INDEMNITY

Contractor agrees to and shall indemnify and hold harmless Owner, its officers, agents and employees, from and against any and all claims, losses, damages, causes of action, suits, and liability of every kind, including all expenses damages, causes of action, suits, and liability of every kind, including all expenses of litigation, court costs, and attorney's fees, for injury to or death of any person, or for damage to any property, arising out of or in connection with the work done by Contractor under this contract, regardless of whether such injuries, death or damages are caused in whole or in part by the negligence of the Levi Water Supply Corporation.

Contractor assumes full responsibility for the work to be performed hereunder, and hereby releases, relinquishes and discharges Owner, its officers, agents and employees, from all claims, demands, and causes of action of every kind and character including the cost of defense thereof, for any injury to, including death of, person (whether they be third persons, contractor, or employees of either the parties hereto) and any loss of or damage to property (whether the same be that of either of the parties hereto or of third parties) caused by or alleged to be caused by, arising out of, or in connection with Contractor's work to be performed hereunder whether or not said claims, demands and causes of action in whole or in part are covered by insurance regardless of whether such loss, damage, or injury was caused by Owner. Owner, by this agreement does not give consent to litigation.

SC.27 LAWS TO BE OBSERVED

The Contractor shall, at his own expense, do those things necessary for the procurement of and shall procure all permits, certificates and licenses required of him by the law or governmental regulation for the performance of his work. He shall comply with all federal, state and local laws, ordinances or rules and regulations relating to the performance of his work. In addition to all other laws, ordinances and rules and regulations, these shall include any such laws, ordinances or rules and regulations relating to noise from the Contractor's operations.

SC.28 STATE AND CITY SALES TAXES

This contract is issued by an organization which qualifies for exemption provisions pursuant to Provisions of the Texas Tax Code. Sections 151.301, 151.307, 151.309 and 151.311. The Contractor must obtain a limited sales excise and use tax permit or exemption certificate which shall enable him to buy the materials to be incorporated into the work without paying the tax at the time of purchase.

SC.29 ANTITRUST

The Contractor hereby assigns to the Owner any and all claims for overcharges associated with this contract which arise under the antitrust laws of the United States, 15 U.S.C.A. Section 1, et seq, (1973).

SC.30 GUARANTY AGAINST DEFECTIVE WORK

The Contract shall indemnify the Owner against any repairs which may become necessary to any part of the work performed under each contract, arising from defective workmanship or material used therein, for a period of one (1) year from the date of final acceptance of the work, unless the technical specifications provide for another period.

Neither the Certificate of Acceptance nor any provision in the Contract Documents, nor partial or entire use, or occupancy of the premise by the Owner will constitute an acceptance of work not done in accordance with the Contract Documents or relieve the Contractor of liability in respect to any express warranties or responsibility for faulty materials.

SC.31 INSURANCE

Satisfactory certificates of insurance for all coverage listed herein shall be filed with the Owner prior to starting any construction work on this contract. Insurance shall include the Owner, the Engineer and the State of Texas as additional insured parties.

Workmen's Compensation and Employer's Liability

(A) COMMERCIAL GENERAL LIABILITY INSURANCE: Contractor shall maintain commercial general liability (CGL) insurance with limits of not less than \$1,000,000 each occurrence with a \$2,000,000 general aggregate, \$2,000,000 products-completed operations aggregate and \$1,000,000 personal & advertising injury. The CGL insurance general

aggregate limit shall apply separately to this project. CGL insurance shall cover liability including, but not limited to liability arising from premises, operations, independent contractors, products-completed operations, data liability, personal injury and advertising injury, broad form contractual liability and the explosion, underground and collapse hazards. Contractor, Owner and any other party required under the General Contract shall be included as an additional insured under the CGL policy with respect to ongoing and completed operations, using ISO Additional Insured Endorsements CG 20 10 10 01 and CG 20 37 10 01 or Additional Insured Endorsement(s) with equivalent coverage. A copy of the Contractor's Additional Insured Endorsement shall be provided to the Owner with the Certificate of Insurance. This insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs maintained by Contractor, Owner or any other party named as an additional insured. Contractor waives all rights against Owner, and their agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the CGL insurance maintained pursuant to this Attachment. The policy of insurance shall be endorsed to provide for 30 days written notice to the Owner and any other party required under the General Contract prior to the cancellation, nonrenewal or material change to the policy. Contractor shall maintain such CGL insurance as specified in this Paragraph for a period not less than the Statute of Repose of the state in which the work is performed. The General Aggregate limits applies Per Project.

- (B) **WORKERS COMPENSATION INSURANCE:** Contractor shall maintain workers compensation and employers liability insurance. The employers liability limits shall not be less than \$1,000,000 each accident for bodily injury by accident, \$1,000,000 each employee for bodily injury by disease and \$1,000,000 policy limit for bodily injury by disease. Contractor waives all rights against Owner, and their agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the workers compensation policy insurance obtained by contractor pursuant to this Paragraph. The policy of insurance shall be endorsed to provide for 30 days written notice to the Cont Owner and any other party required under the General Contract prior to the cancellation, nonrenewal or material change to the policy.

The Owner and Contractor hereby acknowledge and agrees that: (a) the Contractor meets the qualifications of an independent contractor under Article 8308, Section 3.05 of the Texas Workers' Compensation Act (the "Act"); (1)) the contractor is operating as an independent contractor as that term is defined under Article 8308, Section 3.05 of the Act; (c) the contractor assumes the responsibilities of an employer for the performance of work including, but not limited to, the work required to be performed by contractor under this contract on the Project; and (d) the Contractor and Subcontractor's employees are not employees of the Owner for the purposes of the Act.

- (C) **BUSINESS AUTO LIABILITY INSURANCE**: Contractor shall maintain business auto liability insurance a limit of not less than \$1,000,000 each accident. Such insurance shall cover liability arising from the operation of any motor vehicle (including owned, hired and non-owned autos) by contractor, its agents, employees or assigns. Owner, and any other party required under the General Contract shall be included as an additional insured under this policy. Contractor waives all rights against Owner, and their agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the business auto liability insurance obtained by contractor pursuant to this Paragraph. This insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs maintained by Contractor, Owner or any other party named as an additional insured. The policy of insurance shall be endorsed to provide for 30 days written notice to the Owner and any other party required under the General Contract prior to the cancellation, nonrenewal or material change to the policy.
- (D) **UMBRELLA LIABILITY INSURANCE**: If necessary, Subcontractor shall maintain umbrella liability insurance with a limit of not less than \$5,000,000 per occurrence with a \$5,000,000 aggregate. Such insurance shall be excess of the commercial general liability insurance, business auto liability insurance and employers liability insurance as specified in this Paragraph. Contractor, Owner and any other party required under the General Contract shall be included as an additional insured under this policy. This insurance will apply as primary insurance with respect to any other insurance or self-insurance programs maintained by the Contractor, Owner or any other party named as an additional insured. The policy aggregate shall apply separately to each project. Contractor waives all rights against Owner, and their agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the umbrella insurance obtained by contractor pursuant to this Paragraph. The policy of insurance shall be endorsed to provide for 30 days written notice to the Owner and any other party required under the General Contract prior to the cancellation, nonrenewal or material change to the policy.
- (E) **EVIDENCE OF INSURANCE**: All policies of insurance shall be written through a company duly authorized to write that class of insurance in the state of Texas, and shall be with insurance companies acceptable to Contractor with an A.M. Best rating of A- 7 or better. Prior to commencing the contract Work, contractor shall not later than ten (10) days after execution of the subcontract deliver to the Owner certificate(s) of insurance executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth above. Attached to the certificates of insurance shall be the additional insured endorsements, waiver of subrogation endorsements and cancellation / material change endorsements as specified for each policy of insurance. Acceptance by Owner of a certificate of insurance provided by the contractor shall not relieve the contractor of its obligation to provide the insurance and policies with the coverages and limits as required in the Contract documents and this contract, even if said insurance policies, limits and coverages are not shown